Daily Report

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OAS Meeting Opens, Discusses Intervention in Haiti

Haiti's Aristide Suggests Armed Action

PY0706215894 Madrid EFE in Spanish 2305 GMT 6 Jun 94

[Text] Belem do Para, Brazil, 6 Jun (EFE)—On 6 June, Jean-Bertrand Aristide, constitutional president of Haiti, suggested to the members of the OAS the need for armed action against the coupists who took power in 1991.

Although in his address to the OAS foreign ministers, who are holding an extraordinary meeting to discuss the Haitian problem, Aristide said the Constitution did not allow him to request a military occupation. During a news conference afterward, he suggested the idea of armed action against the military coupists.

"We are talking about a minuscule group of military coupists who are deeply involved in the narcotics business," the overthrown Haitian president said, also referring to an agreement to fight drug trafficking which he had signed with the United States in 1991, when he was still the president of Haiti.

Before this, Aristide had stressed in his address to the OAS foreign ministers that he believed that "military action could be carried out to free the nation from the bandits who have taken it hostage and reestablish democracy in Haiti."

"Quick and decisive action must therefore be taken to oust the military leaders within the framework of the Governor's Island (New York) agreements," the president said, adding that "the international community knows how to proceed."

This agreement, which was signed by coupist General Raoul Cedras in July 1993 at the behest of the United Nations and the OAS, indicated that a military unit should be sent to Haiti to help with the transition, and that power be returned to him.

The unit that was sent, however, which consisted of U.S. and Canadian troops, was not able to disembark, as when it arrived off the coast of Haiti in October 1993 it encountered the opposition of the Haitian coupist forces.

During his news conference, Aristide stated that the "rapid and decisive action" to which he had referred would have as its goal "the liberation of the (Haitian) Army from its high command, and at the same time giving the nation, as a whole, its freedom," but always without directly asking for international military intervention in his country.

Aristide stressed that the current period, when Haiti's borders are completely closed to international trade in accordance with the total embargo that the Security Council implemented in May, must be taken advantage of, because "if there is no action the embargo will create a very detrimental process."

According to Aristide, the coupist military leadership annually obtains $1.2 billion from drug trafficking, and during the 7 months that he governed in 1991 before becoming the victim of the military coup, he had signed an agreement to fight drug trafficking with then U.S. Vice President Dan Quayle.

The constitutional president of Haiti, who has been living in exile, indicated that the fight against narcotics in his country had been strengthened through this agreement, and that it was decisive in the reasons for the coup.

The contents of his news conference differs with the spirit of optimism and hope contained in his address to the OAS foreign ministers participating in the "ad hoc" meeting. Aristide also asked for the immediate deployment of the technical cooperation mission that was established in the Governor's Island agreements.

In his address, the deposed president proposed a program, to be implemented after recovering the presidency, that would allow his country "to go from a state of misery to a state of poverty with dignity."

Concluding his address with another show of optimism regarding a quick solution to his country's crisis, Aristide even invited the OAS foreign ministers to hold next year's OAS General Assembly in Haiti.

Aristide Rejects Violence

PA0706190394 Mexico City NOTIMEX in Spanish 0105 GMT 7 Jun 94

[By Walter Sotomayor]

[Text] Belem do Para, Brazil, 6 Jun (NOTIMEX)—Toppled Haitian President Jean-Bertrand Aristide today rejected the use of violence as a means to restore democracy and to return him to the government of that Caribbean country.

Aristide, who was elected in December 1990 and toppled by a military coup in September 1991, expressed his views before the OAS Ad Hoc Commission tasked with following up on the Haitian crisis. The deposed president attended the inaugural session of the 24th period of OAS regular sessions in this city in northeastern Brazil at the special invitation of the president of this country, Itamar Franco [words indistinct] violence and we must continue talking about reconciliation," Aristide said at a news conference held after his speech to the foreign ministers of the 34 member countries of the inter-American organization.

"So far, we have tried (to restore constitutionality) through peaceful means and we have not yet exhausted them," the Haitian president-in-exile added, as he proposed new actions to intensify the economic and commercial blockade against his country. "As soon as we step up pressure on the coupists they will not be able to

stay in power," Aristide said. "I am not requesting a military occupation but, based on an agreement signed at Governors Island (New York, United States), the international community knows what to do to avoid limiting its actions to words," he added.

The Haitian president pointed out that when he referred to the coupist officers, he was talking about a "small group of soldiers involved in drug trafficking" and added that Haiti now ranks second in the continent for its involvement in drug trafficking. Aristide pointed out that "if it was not the main reason, drug trafficking was among the major reasons for the coup d'etat," after noting that he was committed to fight drug trafficking and had signed an agreement on this matter with the United States shortly before the military intervention.

He recalled that while he led the government, he stepped up the struggle against drug trafficking, but now there is talk about 48 tons of cocaine that pass through Haiti producing an estimated $1.2 billion.

Likewise, he explained that Haitian political problems are structural in nature in a nation with a tradition of coups. Haiti was the first nation with a black population in the world to obtain its independence when it became free from France in 1804. It has had 36 presidents of which 24 fell as a result of military coups d'etat.

Aristide assured that the Armed Forces, comprising 7,000 men, used 40 percent of the national budget. He claimed that during the 32 months of the de facto regime commanded by General Raoul Cedras, he has lacked the means to communicate with the people who elected him, indicating it was important to break this information barrier.

During his speech to the "Ad Hoc" Committee, Aristide presented to the international community four courses of action against Haiti. The measures highlight the need for swift action to remove the military from the government, a six-month presence of a U.N. mission in Haiti, his return to the country, and the fulfillment of the New York agreements.

During the news conference held in French, Aristide also presented his government's projects which place particular emphasis on restructuring the judicial system and on investments, aimed at overcoming the Haitian people's serious social problems.

OAS Resolution Opens Door to Intervention

PA0706203994 Paris AFP in Spanish 2004 GMT 7 Jun 94

[Text] Belem do Para, 7 June (AFP)—The 34 countries of the OAS approved a resolution on Tuesday that leaves the door open for a future armed intervention in Haiti.

The foreign ministers approved the resolution, the product of long hours of negotiations, within the framework of the General Assembly that has met since Monday in Belem do Para, Brazil. The matter that extended the private negotiations, according to diplomats who participated, dealt with the insistence by some countries that the new actions that are endorsed in a general manner in the last paragraph of the preamble of the draft resolution be limited to the "peaceful" area. In the final version of the draft seen by the foreign ministers, this limitation was left out of the text.

The above-mentioned paragraph takes into account "the relevancy for the members to strengthen the necessary political and diplomatic actions to bring about a lasting solution to the Haitian crisis within the framework of the OAS Charter and international law."

"It is a triumph for the United States because, although it does not endorse or even mention an intervention, it does not exclude it either," a diplomat who spoke on condition of anonymity told AFP.

Resolution 'Rules Out' Armed Intervention

PY0706224394 Sao Paulo AGENCIA ESTADO in Portuguese 2113 GMT 7 Jun 94

[Report by correspondent Jose Carlos Santana]

[Text] Belem, 7 Jun (AE)—The OAS General Assembly approved here today a resolution that rules out military intervention in Haiti and states that the restoration of democracy in the Caribbean country, through the reinstatement of the government led by Father Jean-Bertrand Aristide, who was elected in 1990 and ousted in September 1991, should be achieved by reinforcing the trade, commercial, and financial embargo approved earlier by the United Nations and the OAS.

The committee charged with drafting the resolution worked until 0300 today to iron out wording problems, to avoid ambiguity, and to make it reflect the thinking of the majority of the OAS member countries. This effort was aimed at ensuring that the draft resolution would be readily approved by the plenum.

In a speech before a special session on Haiti yesterday, ousted Haitian President Aristide stated that he was not calling for a military occupation of Haiti because to do so would entail violating the Constitution. "In any case," he said, "I truly believe some action can be taken to free our nation from the thieves who are holding it hostage and to restore democracy. I will not waste time describing what type of action should be taken. The international community knows how to proceed."

Aristide's words sounded at the plenary session like an endorsement of a prompt military intervention that would be immediately followed by his return to Port-au-Prince along with the UN technical assistance mission.

The OAS has decided to pay heed only to Aristide's request that the trade embargo and the isolation of Haiti be strengthened, even if this means prolonging the hardships the Haitians are enduring. The embargo is being violated by some countries that the diplomats have chosen not to identify, with the exception of former

Argentine Foreign Minister Dante Caputo, who charged Colombia and Venezuela with violating it. The embargo is reportedly hurting only the lower income groups of the Haitian population, especially those residing near the border with the Dominican Republic.

On the first day of the assembly, at least two delegates endorsed President Aristide's proposal to remove the military regime. One of them was Dante Caputo, UN special envoy to Haiti. Speaking at the plenary session, he said he doubted the effectiveness of the economic sanctions because there are countries that are not observing them. Defending the forceful removal of the Haitian military, Caputo said: "The time has come to say no to the Haitian dictatorship."

Strobe Talbott, U.S. under secretary of state, stated that the United States fully endorses the proposal to strengthen the embargo, and that it would not mind unilaterally suspending commercial flights to and from Haiti should this measure be unacceptable to the other OAS member countries. He also expressed doubts about when the economic sanctions would yield results, and noted that Washington would not oppose military intervention if the coupists resisted.

Yet voices contrary to this intention, including that of Brazil, have apparently prevailed. Most foreign ministers ruled out this possibility and expressed confidence that the embargo will yield results as long as it is observed by the entire Latin American and international community.

The OAS resolution approved today begins by citing earlier resolutions and by noting that the Inter-American Human Rights Commission "has confirmed that the overall human rights situation in Haiti reflects an extremely serious deterioration of and disregard for essential human rights, as a result of a systematic plan of intimidation and terror used against a helpless people."

The resolution notes that "the coup disrupted constitutional order, which affected the exercise of democracy. It is essential to restore this." It then outlines the approved decisions, including appeals, condemnations, and recommendations. The OAS congratulates the International Civilian Mission for its dedicated effort to guarantee a minimum of freedom in Haiti. It asks for a greater number of personnel so the group can cover the entire Haitian territory. It proposes starting, without delay, an educational program in the area of human rights to help the Haitian people, and reiterates the need to reinforce the embargo with measures "such as the suspension of commercial flights, the freezing of the assets of the de facto regime and its supporters, and the suspension of international financial transactions with Haiti."

The resolution also requests that neighboring countries "examine the possibility of providing the Civilian Mission with the radio broadcasting facilities needed to carry out educational programs on human rights." Finally, it urges the OAS member states and the international community to help deal with the problems of Haitians who are leaving their country at great personal risk, by granting them the status of refugees and offering them temporary protection

Mexico Urges Diplomatic Efforts

PA0706202794 Mexico City NOTIMEX in Spanish 1925 GMT 7 Jun 94

[By Juan Balboa]

[Text] Belem, 7 Jun (NOTIMEX)—Today, Mexico advocated that the international community intensify its diplomatic actions for attaining a peaceful and political solution to the crisis in Haiti and overcoming the impasse in the Haitian situation. Jorge Pinto Mazal, Mexican undersecretary of foreign affairs, rejected the idea that the Haitian problem represents a threat to world peace and security, and he considered that the only "acceptable" option is a negotiated solution.

The crisis in Haiti has become the most controversial topic discussed by the foreign ministers at the 24th OAS General Assembly that is taking place in Belem, capital of Para State, some 1,650 km north of Brasilia.

Speaking during the sixth session of the OAS Ad Hoc Commission, Pinto Mazal, who is also under secretary for Latin America, Cultural Affairs, and International Cooperation at the Mexican Foreign Ministry, proposed "encouraging commitments that will allow for overcoming the deadlock in Haiti." Mexico supports strengthening the international civilian mission, and he hopes to find the adequate political means for supporting the efforts of the democratic sectors of Haitian society in a determined, specific, and solidaristic manner, Pinto Mazal added.

Earlier in the day, Uruguayan Foreign Minister Sergio Abreu stated that the majority of the OAS country members are opposed to military intervention in Haiti because they consider this would break international law and would affect the security of the hemisphere. "Most OAS members are against an intervention in Haiti to reinstate deposed President Jean Bertrand Aristide in his post," Abreu said during the 24th General Assembly of the organization. The Uruguayan minister also pronounced himself in favor of strengthening the commercial embargo decreed by the United Nations and the OAS and called on all countries to comply with the blockade to get the Haitian military coupist personnel to leave.

For his part, Jamaican Foreign Minister Benjamin Clare agreed on the need to find paths for a negotiated solution to the Haitian crisis and said his government will cooperate with the United Nations to strengthen the blockade against this Caribbean nation.

The military government headed by General Raoul Cedras is being subjected to an international blockade

and strong pressures to bring about a return to constitutional order and respect for the agreements signed at Governors Island, New York, last year. The penalties, which began to be implemented on 21 May, ban commercial flights to and from Haiti and ask governments not to allow the coupists officers, headed by Gen. Cedras, to enter their territories.

The Haitian crisis, Cuba's return to the OAS, the Dominican elections, and the call to the Summit of the Americas by the United States are the topics to be studied by the ministers in Belem do Para until next Friday.

Caputo: Issue 'Diplomatic Ultimatum'

PY0706135494 Madrid EFE in Spanish 0002 GMT 7 Jun 94

[Text] Belem do Para, 6 Jun (EFE)—Former Argentine Foreign Minister Dante Caputo, who is the OAS and UN special envoy to Haiti, stated today—6 June—that there is very little time left to find a peaceful solution to the Haitian crisis.

Upon urging 34 foreign ministers of OAS member countries who are attending the 24th OAS General Assembly to issue "a diplomatic ultimatum" to the Haitian military to relinquish power, Caputo said: "We do not have a year left; we only have a few more weeks to resolve the crisis peacefully."

Caputo, who gave a detailed account of the Haitian situation and reported numerous human rights violations in that country, stated that the international community must issue an ultimatum to the Haitian military because "we only have a few more weeks to resolve this peacefully."

Caputo indicated that if the international community continues to let time go by without taking action, armed intervention in the Caribbean island will become necessary. He said: "Just as we condemn armed interventions, we should also condemn the lack of action that is leading us to a void. We cannot simply condemn intervention while doing nothing to prevent it."

Speaking at an ad-hoc meeting of OAS foreign ministers on Haiti, Caputo bluntly stated that it is "intolerable that only 7,000 armed men (the Haitian military) are forcing the will of the entire international community."

Caputo, who admitted to having overlooked diplomatic practice to urge the OAS states to decree an ultimatum against the Haitian military, stated that the UN sanctions and those recommended by the OAS are not yielding the expected results.

He added that action should be taken to enforce those measures adopted earlier, which are not being observed, before discussing the adoption of new ones.

After reviewing the Haitian situation and the Haitian military's persistence in staying in power, Caputo stated that three main objectives must be accomplished: force the generals to leave power, reinstate democratically elected President Jean-Bertrand Aristide, and send an international mission to the island to guarantee protection to the new authorities and provide assistance to the population.

Caputo reported that the mission of human rights observers to Haiti reported 210 out-of-court executions from 1 January to 13 May this year, and that there are countless cases of other human rights violations committed by the military forces.

Commenting on the Haitian domestic situation, Caputo stated that the appointment, a month ago, of a provisional president by the military was not supported by leading Haitian businessmen themselves, who have been allies of the coup plotters, thus showing that there is no consensus within the island.

Caputo added that the worst thing is that General Cedras "is convinced that he will remain in power until 1997—when Aristide's constitutional term expires—and that no one, not even the international community, will force him to relinquish power."

In his closing remarks, Caputo said that he believes "there is still room for a diplomatic solution," but there is not much time left to achieve it.

Caputo added that the sanctions that have been adopted must be enforced, and that an ultimatum must be given to the military. Caputo said: "We must make the Haitian military understand that we are giving them a last chance, and that if they do not leave...."

Caputo noted that if the international community fails to find a peaceful solution to the Haitian crisis, it would be proof that "we have failed in building the much-desired international system to defend democracy."

Caputo addressed the ad-hoc meeting of OAS foreign ministers a few minutes after President Aristide suggested the need for an armed action against the coup plotters who usurped power in 1991.

Speaking to the OAS foreign ministers, the Haitian constitutional president stated that the international community must take quick, powerful action to overthrow the military who had forced him out of power.

The other speaker at the special meeting was OAS Secretary General Joao Baena Soares himself, who advocated a peaceful solution to the Haitian crisis.

Dominican Republic on Embargo Failure

PA0706164594 Madrid EFE in Spanish 1451 GMT 7 Jun 94

[Excerpt] Belem do Para (Brazil), 7 Jun (EFE)—Dominican Republic Foreign Minister [title as received] Juan Aristides Tavares said today that his country should not be blamed for the failure of the blockade imposed on Haiti by the international community.

In a speech to foreign ministers of OAS member countries, whose 24th General Assembly is taking place in the Amazonian city of Belem Do Para in northern Brazil, Tavares said that many countries are wrong to blame his country for the failure of the sanctions imposed on the Haitian military regime.

Although he admitted that the Dominican Republic believes the embargo imposed by the OAS and the United Nations is an "unjust and inhuman" sanction, the Dominican foreign minister said his government strives to comply with international agreements.

OAS and UN observers sent to Haiti argue that the border between Haiti and the Dominican Republic, which share the Island of Hispaniola, is the most vulnerable point of the economic blockade imposed by the international community to force General Raoul Cedras to relinquish power and allow President Jean-Bertrand Aristide to return to that country.

"We defend the embargo despite considering it unjust and inhuman," Tavares said as he reaffirmed that the government in Santo Domingo has made several efforts to close its border with Haiti. The Dominican foreign minister added that the political party of President Joaquin Balaguer, who is seeking reelection, lost the elections in all border provinces because the deployment of more than 12,000 soldiers to the region "has made life impossible for the area's inhabitants," he added. Tavares said surveillance operations along the more than 300-km-long border of abysses and mountains has consumed a large amount of resources that should have been targeted to social investments.

"Ever since it was promulgated, the embargo has been ineffective and has been constantly violated by countries that continue to do business with Haiti; it is unfair to blame the Dominican Republic for the failure of sanctions against Haitian soldiers," Tavares said. "It has been suggested that the failure was caused by my country's attitude toward the sanctions, and that is not so. If the embargo failed it is because of the attitude of those countries that continue to do business with Haiti," the Dominican foreign minister added. [passage omitted]

Franco Favors 'Studying' Cuban Readmission to OAS

PY0806015294 Madrid EFE in Spanish 1950 GMT 7 Jun 94

[Excerpts] Belem, Brazil, 7 Jun (EFE)—Brazilian President Itamar Franco stated here today that he is in favor of the OAS studying the readmission of Cuba, which is the only country that has been excluded from the organization.

Franco returned today to Brasilia after attending the opening of the 24th OAS General Assembly, which is due to close on 10 June. He said: "The OAS must look at the Cuban situation." [passage omitted]

In his speech at the OAS plenary, Brazilian Foreign Minister Celso Amorim stated that he has observed positive signs of a democratic reform in Cuba, which must be both deepened and encouraged.

Amorim, who is a 52-year-old career diplomat, said: "We have expectations for democratic progress in that country, with which Brazil maintains friendly relations and major cultural ties."

The head of Brazilian diplomacy added that "we do not view economic and political isolation as the best way to contribute to promoting a transition that is already in the making."

On 6 June, Costa Rican Foreign Minister Fernando Naranjo proposed at the OAS plenary session that the OAS undertake negotiations aimed at promoting democratization with the Havana government and with all other parties concerned.

Paraguayan Minister Urges Increased Aid

PY0806022994 Asuncion ULTIMA HORA in Spanish 7 Jun 94 p 10

[Text] This morning during his speech at the 24th OAS General Assembly in Belem do Para, Brazil, Paraguayan Foreign Minister Luis Maria Ramirez Boettner asked the rich countries to increase their cooperation with poor countries to fight poverty and seek development. Addressing the other OAS foreign ministers, the Paraguayan foreign minister also endorsed the enhancement, development, and progress of the democratic system in all the American countries.

Ramirez Boettner criticized the gap between rich and poor countries, claiming that after the end of the Cold War, world assistance funds to overcome poverty and seek development have become increasingly scarce and inaccessible. Ramirez Boettner emphasized: "And it is surprisingly paradoxical that, when the new international order makes clamorous announcements of an era of international cooperation and solidarity, there actually are so many symptoms of a growing and fragmentary isolationism between the rich and the poor."

Ramirez Boettner then asked for increased cooperation between rich and poor countries for the sake of the development and well-being of most countries. He added that international aid to enhance democracy and reduce poverty "has become elusive and preconditioned."

Democracy for All

In his message to the OAS foreign ministers' meeting, Ramirez Boettner deplored the fact that democracy has not reached all American countries and that there still are exceptions. Ramirez Boettner said: "All of us want all our American brothers to equally join in democratic development and progress, with the restoration of all liberties."

In order to receive more technical and financial assistance from the "rich" countries, the foreign minister pointed out that it is necessary for American countries to close ranks and raise in successive meetings the hopes of the poorest countries.

In his message to the OAS General Assembly, the Paraguayan foreign minister asked that the Inter-American System be enhanced and strengthened.

Will Return Tomorrow

After participating in the 24th OAS General Assembly in this Brazilian city, Ramirez Boettner will return to our country at 1050 on 8 June. On 9 June, Ramirez Boettner will join President Wasmosy on a visit to Montevideo, Uruguay, to dedicate the dredging of the Martin Garcia channel.

Panama Addresses OAS Assembly on Canal Treaty

PY0806021994 Madrid EFE in Spanish 2259 GMT 7 Jun 94

[Text] Belem do Para, 7 Jun (EFE)—Panamanian Vice Foreign Minister Carlos Cordero stated here today that the Panamanian Government will not accept "the slightest change" in the terms and timetable established in the Torrijos-Carter treaty for the handover of the Panama Canal to Panama.

Cordero emphasized the significance of faithfully complying with the accords signed in 1977 by Panama and the United States, which sought to decolonize Panama. He added that the canal "must come under absolute Panamanian domain and sovereignty."

Today, Cordero addressed the 24th OAS General Assembly, which opened on 6 June at the city of Belem, Para State, in the Brazilian Amazon region. The assembly is due to close on 10 June.

Cordero noted the interest of President Guillermo Endara's government in promoting a constitutional reform that would guarantee a professional administration of the Panama Canal as soon as it comes under complete Panamanian jurisdiction five years from now.

Cordero added that a professional administration, through an autonomous organization, would prevent the canal from being affected by political ups and downs and will reassure its customers around the world.

Cordero also outlined a number of international agreements to fight drug trafficking signed by Panama with the United States, Great Britain, Central American countries, Colombia, and the United Nations.

OAS Secretary General Baena Soares Interviewed

PY0606150394 Sao Paulo AGENCIA ESTADO in Portuguese 1805 GMT 5 Jun 94

["Exclusive" interview with OAS Secretary General Joao Clemente Baena Soares on 2 June; place not given]

[Excerpt] [passage omitted] [AGENCIA ESTADO] The first test of the OAS resolution signed in Santiago to punish attacks against democracy was the coup d'etat in Haiti, but the organization has subsequently been relegated to the sidelines. Why?

[Baena Soares] People say the OAS had three opportunities to apply the Santiago Resolution No. 1080, as if it were a soccer game. They say the OAS lost the first game in Haiti, tied the second in Peru, and won the third in Guatemala. But things are not like that. This is not a game. These are political situations with changing circumstances that require individual treatment. The OAS reacted to the coup immediately. The other positive aspect is that not one member country recognized the de facto government. The third positive result was the organization of an OAS mission under Augusto Ramirez Ocampo which created a favorable climate in the OAS for the signing of two commitments. Nothing new happened subsequently. Everything was included in those two documents. The crisis could have been solved five months after it started.

[AGENCIA ESTADO] Why did it not conclude?

[Baena Soares] Because of ambiguous behavior, rhetorical support attitudes, and disagreements over OAS decisions, we have not faced the real cause of the problem yet, that is, the coalition between Haitian military and entrepreneurs. That association of interests never accepted the election result of President Jean-Bertrand Aristides. Everything we have done has been peripheral. I think it was not necessary to resort to the United Nations. Compulsory sanctions or recommendations yield the same result or they have no result because both depend on the political willingness to apply them. OAS measures on Haiti were not fully implemented. There was a lot of enthusiasm at the time of voting, but very little enthusiasm to implement them.

[AGENCIA ESTADO] There are indications that the United States could be preparing an invasion of Haiti. You made your opposition to the initiative clear. Why?

[Baena Soares] The OAS mission in Haiti is a civilian mission. That was the mandate I received from member countries. It is also necessary to see things from a practical point of view. Haiti was invaded and occupied (by the United States) for 19 years. The result was the Duvalier era and General Avril. The consequences of this continue to affect the country today. Therefore, I doubt there is a more effective solution than a peaceful solution, a negotiated solution, to encourage Haitians themselves to define what they want.

[AGENCIA ESTADO] We were already negotiating with the Haitian generals but at the moment of surrendering power they went back on their word.

[Baena Soares] Why did they go back on their word? Because they felt they had support. I have already seen this film on Haiti three times. We must attack the causes of the problem. [passage omitted]

Chile To Join Mercosur as 'Associate' Member

PY0706145394 Madrid EFE in Spanish 2114 GMT 6 Jun 94

[Text] Belem, Para (Brazil), 6 Jun (EFE)—On 6 June, Chilean Foreign Minister Carlos Figueroa told EFE NEWS AGENCY that Chile will establish a free trade zone with the Common Market of the South (Mercosur), composed of Argentina, Brazil, Paraguay, and Uruguay, within 10 years, at the very most.

Figueroa added that the Chilean Government will formalize its proposal in a document to be submitted to Argentine Foreign Minister Guido Di Tella, who is also Mercosur Council chairman, on 8 June.

The Chilean foreign minister is participating in the 24th OAS General Assembly, which was inaugurated in Belem, a city in Para State's Amazon region, on 6 June and will continue its deliberations until 10 June.

Figueroa noted: "We have not joined Mercosur due to difficulties arising from import duties."

Chile levies an 11 percent tariff on all imports regardless of the country of origin, whereas Mercosur member countries levy higher tariffs, the rate of which varies according to products.

After a meeting with Mercosur foreign ministers in Belem, Minister Figueroa announced on 5 June that Chile will join Mercosur as an associate rather than full member. He nonetheless did not rule out the possibility of his country joining Mercosur in the future.

Chile is one of the Latin American countries with the highest growth rate and the largest volume of foreign trade. It is the only country in the region that has not joined any integration movements in South America like Mercosur, the Andean Group, and the Amazon Pact.

Figueroa said this decision will not produce changes in the negotiations his country is undertaking with the United States, the main partner of NAFTA, which also comprises Canada and Mexico.

The foreign minister added that the Treaty of Asuncion allows "any country" that does not belong to other economic blocs "to join" Mercosur.

Mercosur was established in March 1991 by Argentina, Brazil, Paraguay, and Uruguay. These countries had invited Chile to join Mercosur since its inception but to no avail. At that time, Chilean authorities contended that they would rather not join this integration movement since Chile's import duties were lower than those of its neighbors.

Uruguayan Minister on Chile Joining Mercosur

PY0706135394 Montevideo Radio Carve in Spanish 0000 GMT 7 Jun 94

[Text] Foreign Minister Sergio Abreu told Radio Carve that Uruguay favors including Chile in Mercosur [Common Market of the South]. The minister participated in the meeting Mercosur-member country representatives held a few hours ago with the Chilean foreign minister. Abreu is participating in the OAS meeting being held in Belem, Brazil.

[Begin recording] [Abreu] Well, the meeting that was proposed by the Chilean foreign minister presupposes the political intention of strengthening trade ties and relations with Mercosur.

This is contemplated in the Treaty of Asuncion, in other words, that any country can become an associate as long as it does not belong to a subregional agreement, and this is the case with Chile.

But Chile's proposal presupposes the beginning of negotiations at the technical and political levels that can lead us step by step to an incorporation that will give credibility, strength, and projection to Mercosur in that the four countries comply with all its obligations and, of course, are accepted by the partners that wish to join it afterward.

[Unidentified reporter] The other case is Haiti, which has caused concern in both the region and the entire world.

[Abreu] Well, within the political sphere we all know about the international repercussions that the violation of human rights by the military government has had in Haiti and especially the actions that go against the compliance with obligations that have been assumed for the restoring of a democratic system.

We are discussing this subject and there are proposals from some of the countries, but Uruguay is maintaining a solid position regarding the need for restoring democracy, but fundamentally based on an unrestricted respect for the principle of nonintervention, which is one of the legal bases of the inter-American system, and which also happens to be one of Uruguay's purest traditions in the matter of international law. [end recording]

NGO's Create Continental Human Rights Forum

PY0706202794 Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Jun 94 Section 1 p 7

[Article by Mario Simas Filho]

[Text] Brazil will head the Inter-American Human Rights Forum until 1996. This decision was made by

representatives of 21 nongovernmental organization (NGO) countries who met in Brasilia. Between 24 and 29 April, 70 NGO's met in Brasilia to create the forum that will work in coordination with the OAS.

Among its objectives, the forum will report on and clarify human rights violations. It will also promote an exchange between NGO's and the governments of the Americas. The forum will be directed by a secretariat of seven countries. The United States, Mexico, Brazil, Costa Rica, Cuba, Venezuela, and Paraguay are the members of the secretariat.

Benedito Domingos Mariano, director of the Santo Dias Human Rights Center of Sao Paulo, was elected secretary general. He will organize the structure of the new Inter-American organization, promoting the creation of branches in each of the 21 countries of the forum. The objective is to follow the model of Amnesty International.

Oscar Sappiano, the OAS Inter-American Human Rights Commission president, attended the Brasilia meeting. He proposed that the forum should join the commission's consultative council.

This position will give the forum the right to participate in investigating human rights violations throughout the continent.

The Inter-American Human Rights Forum will be connected with the seven-judge, OAS Inter-American Human Rights Court which passes moral judgment on the governments that violate the Universal Declaration of Human Rights. The forum will also help to prepare the annual human rights record reports submitted by various governments to the United Nations.

Cuba

Foreign Ministry on Belgian Embassy Incident

FL0806005994 Havana Radio Rebelde Network in Spanish 2300 GMT 7 Jun 94

[Passages within quotation marks recorded]

[Text] On 7 June, Foreign Ministry spokesman Miguel Alfonso stated that there are currently 121 people, including men, women, and children, inside the Belgian Embassy. This information was relayed to the Foreign Ministry by the Belgian diplomats in Havana. Regarding this event, Alfonso stated that the Cuban Government as well as the Belgian Government are in complete agreement regarding key principles in connection with this situation. He added that no negotiations per se are being conducted except talks on how to implement commonly accepted principles, and that everyone understands that this is an illegal action which has nothing to do with international laws.

On the other hand, Alfonso pointed out that for the Belgian Government, which subscribes to a traditional policy, diplomatic asylum does not exist, in the sense that it is not recognized because this is a purely Latin American tradition.

[Alfonso] "Everyone agrees, Cuba and Belgium, that this is no way to circumvent the normal requirements for emigrating from Cuba. The Cuban Government has reiterated several highly important issues. Cuba recognizes the inviolability of the Belgian Embassy in Havana. Cuba has international obligations that commit Cuba, on one hand, to ensure that that inviolability is not impaired. Once violated, however, the Cuban authorities have of course historically abstained—you might remember, for example, the case of the Peruvian Embassy—from taking any action to further impair the inviolability of that embassy that has been violated. This must be stressed to the people who entered it illegally, not by Cuban authorities.

"The Cuban Government reiterates that this method of forcibly gaining entrance to an embassy cannot be a way to circumvent the normal emigration procedures available to every Cuban citizen."

Alfonso also announced that the Cuban Government has extended the necessary resources, if required by the Belgian Embassy, in terms of health services. Regarding food needs, several possibilities have been proposed to solve the crisis that the Embassy is currently facing, with the cooperation of other embassies from the European Union. The Cuban Red Cross, a nongovernmental organization, has stated that this type of event is beyond their field of operations. The government had already extended the public health services that every Cuban citizen is entitled to, hwever.

The Foreign Ministry spokesman stressed that the Cuban Government has stated and reiterated that independent of the illegal character of the event, reprisals will not be taken against these people once they leave the Embassy. He added that if any of them has any prior charges pending with Cuban justice, a completely different issue, they will not be considered an aggravating element in the illegal entry to the Embassy.

[Alfonso] "Everyone knows that independent of the basic illegality of this action, other illegalities have been committed. In other words, even if someone should see this as a diplomatic asylum issue, it is a fact that activities of a political nature from inside the Embassy are not permissible. Communiques have been released and disseminated in a completely startling manner to the media. You know that only authorized personnel enter and leave that Embassy. We know that political communiques drafted inside the Embassy have been disseminated abroad after these people entered the Embassy."

Miguel Alfonso added that currently, two Belgian diplomats are in Havana to help Embassy personnel, given the altogether abnormal situation that has ensued, and that talks continue between the Belgian Foreign Ministry and Embassy and the Cuban Foreign Ministry.

Foreign Ministry Admits Coast Guard Fired on Escapees

PA0706191194 Madrid EFE in Spanish 1827 GMT 7 Jun 94

[Text] Havana, 7 Jun (EFE)—The Cuban Foreign Ministry today confirmed that the crew of a Coast Guard vessel fired several shots at a boat that had illegally sailed from Mariel, approximately 30 km from Havana.

During a scheduled meeting with the media, Foreign Ministry spokesman Miguel Alfonso said the boat and the crew had been seized earlier "and this represents an act of piracy and kidnapping." Alfonso added that "there are certain elements that make us think this was a planned action" because the people who seized the vessel "tied up some of the crew members." The Foreign Ministry spokesman added that "the Coast Guard vessel pursued them, we fired some shots; I do not know if they also fired shots, and after a while the pursuit ended."

Alfonso did not say how many people were on the boat, whether anyone was wounded, or whether some of the crew members were involved in this action. The spokesman did say, however, that the boat, and some of the crew members, are now back in Cuba.

According to statements made by the escapees on arrival in the United States, there were 61 people on board. Four of them, including a child, were wounded when the Coast Guard crew opened fire on them.

Baena Soares Cited on Cuba Rejoining OAS

PA0806045794 Havana Radio Havana Cuba in Spanish 0000 GMT 7 Jun 94

[From the "Evening Information Review" newscast]

[Text] OAS Secretary General Joao Baena Soares called for Cuba's full reinstatement to the OAS during a speech he delivered at the inaugural session of the 24th OAS Assembly, which began today and concludes Friday in Belem, Brazil.

The nineties are not the sixties, Baena Soares said in reference to Cuba's suspension from the OAS in 1962, when the East-West conflict was raging. He also recalled the efforts he made a long time ago in favor of having the measure reexamined.

After serving two consecutive mandates for a total of 10 years as the regional organization's general secretary, Baena Soares stressed that during his tenure, peace was restored in the Americas, and yet, at the same time, there was growing dissatisfaction over persistent difficulties and increasing poverty.

Baena Soares also spoke of his failed efforts to restore Haiti's constitutional President Jean-Bertrand Aristide to power, but he admitted the organization had not exhausted every peaceful means to try to force the aggressors against democracy and against the Haitian people to give up power. The outgoing OAS secretary general expressed his resolve to continue supporting efforts to achieve a peaceful resolution of the Haitian crisis.

Meanwhile, Itamar Franco, president of the host country Brazil, addressed the foreign ministers and representatives of the OAS' 34 member-countries. He praised Baena Soares' efforts and predicted that new Secretary General Cesar Gaviria will also derive positive results from equally hard work.

Mexican Envoy on U.S. Blockade, Salinas Visit

PA0806041394 Mexico City NOTIMEX in Spanish 2150 GMT 7 Jun 94

[Text] Havana, 7 Jun (NOTIMEX)—Carlos Tello Macias, Mexican ambassador to Cuba, said in Havana today that the U.S. embargo against Cuba "hampers but does not impede or, much less, destroy" Mexico's relations with the Cuban Government.

The U.S. blockade, initiated three decades ago, "creates unnecessary friction" in the region. As such, Mexico "has again and again appealed to the United States to lift it," Tello told NOTIMEX. The U.S. commercial retaliation against Cuba "puts stumbling blocks" between Mexico and Cuba, "but those stumbling blocks can be overcome," said the 56-year-old diplomat and economist who this year assumed office as ambassador to Havana. "In exercising its sovereignty, Mexico can freely decide with what country to trade," even with third countries outside NAFTA, Tello said.

The ambassador said Mexican President Carlos Salinas' visit to Cuba next week will serve "to underline the deep ties of friendship" between the two countries and "the multifarious nature of the relationship."

Salinas will stay in Havana a little less than six hours, the ambassador said. "The hours will be few but intense, with cordial dialogue between the two delegations," he said.

Mexico is the country that holds the most intensive relations with Cuba in the areas of technological cooperation, education, culture, and sports. The two countries hold "important" relations in commerce, tourism, and joint investments, Tello said.

Salinas, the fourth Mexican president to consecutively visit Cuba, plans to hold a round of talks with President Fidel Castro, the diplomat reported. The signing of a specific document is also on the agenda. "Business deals between Mexico and Cuba continue at their own pace and rhythm" and are not conditioned "by a Salinas visit in this particular instance," Tello said. Mexico seeks to "strengthen and improve" the level of its relations with Cuba and "explore new forms" of cooperation, he said. He said the Mexican Government "is determined to strengthen its relations of all types with Caribbean countries" and that "Cuba plays a decisive role" in this project.

The creation of the Association of Caribbean States [AEC], in which all regional states and territories, including Cuba and Mexico, will participate, will be "the first firm step toward a policy of commercial rapprochement" in the area.

The AEC charter will be signed in Caracas late this month during a ministers meeting to prepare the summit of regional presidents and heads of state to be held in Barbados on 4 July.

With this organization, "the Caribbean will gradually participate in the integrationist effort" of the rest of the hemisphere, where Mexico participates with free trade treaties signed with Canada and the United States, as well as with Costa Rica and Chile, Tello said.

From Havana, Salinas will fly to Cartagena, where he will sign a free trade agreement within the framework of the so-called Group of Three with Colombian President Cesar Gaviria and Venezuelan President Rafael Caldera.

The 23 heads of state and government of Latin America, Spain, and Portugal will participate in the 4th Ibero-American Summit also to be held in Cartagena on 14 and 15 June.

Robaina Invites Qatari Defense Chief To Visit

FL0706173294 Havana Radio Rebelde Network in Spanish 0900 GMT 7 Jun 94

[From the "Doing Radio" newcast]

[Text] Cuban Foreign Minister Roberto Robaina Gonzalez concluded an official visit to Qatar on 6 June. The head of Cuban diplomacy said in the Qatari capital that the Qatari Government decided to establish diplomatic relations with Cuba despite foreign pressure. Robaina said that during his visit to the Persian Gulf country, negotiations were started for cooperation in the health, sports, biology, and medicine sectors.

Shortly before stating this in a news conference at Doha, Robaina met with Defense Minister Prince Hamad Bin-Khalifah Al Thani, to whom he delivered a letter from Cuban President Fidel Castro Ruz. The Qatari leader said his government wants to maintain independent relations with Cuba based on respect for sovereignty. Al Thani also accepted Robaina's invitation to visit Havana, adding that he will sponsor the visit of a delegation of Qatari businessmen to Havana.

Robaina also met with the ministers of foreign affairs, health, economy, finance, and trade to analyze the possibilities of bilateral cooperation.

Raul Castro Arrives in Matanzas 6 Jun

FL0706161794 Havana Radio Rebelde Network in Spanish 2300 GMT 6 Jun 94

[From the "Exclusive" program]

[Text] Army General Raul Castro Ruz, minister of the Revolutionary Armed Forces [FAR], arrived in Matanzas this morning to begin a tour through the territories defended by the Central Army. Raul was met upon his arrival at army headquarters by Central Army General Joaquin Quintas Solas. Immediately after arriving, Raul placed a floral wreath at the monument honoring the militia school students who fell during the Bay of Pigs invasion.

Politburo member Yadira Garcia, first secretary of the party in Matanzas, briefed Raul and his delegation on the economic, political, and social situation in Matanzas, which sparked a debate on topics such as the efforts made in the recovery of the agricultural-livestock sector, which is currently faced with many difficulties.

Colonel Cabrera Valdez, deputy chief of the provincial general staff, presented a report on the main areas of the provincial staff's work in defending Matanzas Province.

On this first day of his tour, Raul stressed the importance of the people's defense tunnels and other fortification projects which are aimed at defending the population and maintaining the vitality of the FAR in case of an aggression against our country. With regards to this, Raul expressed his belief that Matanzas City, from the work that has been carried out and the possibilities that its natural conditions provide, could become the first capital city of the provinces to have its entire population protected, if it is not beat by Santiago de Cuba. Santiago de Cuba is currently making a great effort in that area, but Santiago de Cuba has more than 400,000 inhabitants.

Raul is accompanied by Commander of the Revolution Juan Almeida Bosque; Division General Ulises Rosales del Toro, first vice minister of the FAR and head of the general staff; and other high ranking officers.

Peruvian Congressman Torres Meets With Alarcon

FL0706210294 Havana Radio Rebelde Network in Spanish 1700 GMT 7 Jun 94

[Text] Peruvian Congressman Carlos Torres continues his program of activities in Cuba. Torres has been in Cuba since 3 June, honoring an invitation by the National Assembly of the People's Government [ANPP].

Today, Torres, who is the first vice president of the Peruvian Congress, will meet with the Foreign Ministry and the ANPP Commission on Constitutional Affairs. Torres is also scheduled to visit the University of Havana where he will speak with the dean and students of the Law Department. Torres has already met with ANPP President Ricardo Alarcon and was briefed about the family doctor and nurse program.

COTAL Grants Cuba Membership

FL0706213094 Havana Radio Rebelde Network in Spanish 2300 GMT 6 Jun 94

[Interview with Fausto Garcia by correspondent Julio Gomez Yusia at Jose Marti International Airport—live]

[Text] [Gomez] The meeting of the Confederation of Latin American Tourism Organizations, COTAL, recently concluded in Madrid. Fausto Garcia, secretary of the Cuban Tour Operators Association, was our representative in the meeting.

[Garcia] I just returned to Cuba. I come from the COTAL congress in Madrid, where Cuba's membership request was contained in point number 14 of the COTAL congress agenda. This is an important issue for Cuba, given our ongoing tourism development. For years, we had been unsuccessful in trying to become members of COTAL, until now. In the congress held in Madrid, Cuba achieved a resounding victory, with 14 countries in favor, one opposed, and one abstention.

[Gomez] This is important. Now you know: Cuba belongs to COTAL, as Fausto Garcia just announced to the Exclusivo program of Radio Rebelde.

Russian Parliamentarian Meets With Ambassador

FL0806013394 Havana Radio Reloj Network in Spanish 1951 GMT 7 Jun 94

[Text] On 7 June, Ivan Rybkin, president of the lower chamber of the Russian Parliament, stated the U S. economic blockade of Cuba for over three decades is unnatural. Rybkin met with Rogelio Montenegro, Cuban ambassador to the Russian Federation. They broached various issues pertaining to the economic measures Washington uses to pressure Cuba.

CPC Delegation Lays Wreath at Monument

FL0806002494 Havana Radio Reloj Network in Spanish 1952 GMT 7 Jun 94

[Text] On 7 June, the Chinese Communist Party delegation laid a wreath at the monument to the Chinese who fought in Cuba's wars of independence a century ago. In the square at Vina and L street in Havana, there is a modest monument to our Asian brothers who during the great struggle for freedom did not defect or betray the cause.

Seeks To Expand Bilateral Relations

FL0706183094 Havana Radio Rebelde Network in Spanish 2300 GMT 6 Jun 94

[Report by correspondant Ilia Sardina from the "Exclusive" program]

[Text] A CPC delegation headed by Wu Bangguo, Politburo member and Party secretary in Shanghai, arrived in Cuba today at the invitation of the Communist Party of Cuba. The delegation was met at Jose Marti International Airport by Politburo members Carlos Lage and Jose Ramon Balaguer. Wu Bangguo said this visit seeks to strengthen and expand traditional ties between the two peoples and parties:

[Begin Wu recording in Mandarin with superimposed Spanish translation] We have a lot in common. That is why I have arrived with great interest in Cuba. We have arrived in Cuba with the friendly feelings of the CPC and the Chinese [word indistinct] and our visit seeks to promote relations between the two countries even more. [end recording]

The delegation will visit health care, agroindustrial, cultural, and tourism officials in Havana, as well as in Cienfuegos and in Matanzas.

Emigre Leader on Upcoming U.S. Protest Cited

FL0706172494 Havana Radio Rebelde Network in Spanish 2300 GMT 6 Jun 94

[From the "Exclusive" program]

[Text] Cuban-American organizations, headed by the Cuban-American Committee for Peace, will meet U.S. congressmen on 9 June to denounce the U.S. blockade against Cuba. Committee President Raymundo del Toro says the meeting is an opportunity to support the act of free trade with Cuba, sponsored by New York Representative Charles Rangel. Del Toro says it is time for the Clinton administration to change U.S. policy toward Cuba now that the United States has ratified the most-favored-nation status for the PRC and lifted the trade embargo against Vietnam.

The Cuban-American Committee for Peace president says Clinton is associating himself with the reactionary minority of the Cuban emigre community, which has made maintaining the economic blockade against Cuba a lucrative business. Del Toro also predicted that Clinton will, once again, lose the 1996 elections in Florida if he maintains ties with that minority group of the Cuban emigre community.

GRANMA Reports Decree Law 149 Violations

FL0706203894 Havana Radio Rebelde Network in Spanish 1700 GMT 7 Jun 94

[Text] The implementation of Decree Law 149 against money hoarders has begun without much publicity and without wasting any time, as a way to ensure that respect for the law and citizen coexistence reign in Cuba.

According to GRANMA newspaper, the attorney general's office has reiterated that Decree Law No. 149 should not be and is not intended to be a crusade or witch hunt, but the beginning of a practice that should become an everyday affair, a resolution with a permanent nature.

In principle, it has been demonstrated that the term money hoarder does not exempt any part of the population nor that the action taken is uncalled for, judging by what has been found. There are specific examples that demonstrate this, such as the case of the workshop administrator in Guira de Melena, who with a salary of 167 pesos per month, was the owner of four boats, a motorcycle, a truck, and several household appliances; or of another citizen in Pinar del Rio, who had four trucks, two cars, two motorcycles, a rice mill, a welding plant, six houses, more than 35,000 pesos, and large quantities of automobile parts, accessories, and tires.

GRANMA newspaper also points out that the provincial prosecutors must act according to the methodological dispositions and not on whim. The process has been to make an inventory of the goods, leave some as a deposit, freeze certain assets, and seize others that are stored at an established place until the investigation has concluded, and a decision is made regarding the case. During this process, other hidden illegal activities may be found, including the use of forms to acquire profit, and the lack of control that has allowed state resources to end up in the hands of these individuals.

Decree Law 149 has ceased to represent the money hoarders as cases on file. It has become action against those who enjoy a lifestyle that exceeds their income.

More on Prosecution of Offenders

FL0806015094 Havana Radio Rebelde Network in Spanish 2300 GMT 6 Jun 94

[Text] The process aimed at suppressing money hoarders is not a campaign, but a legal proceeding that will continue after the first phase, begun on 16 May, is completed. Government spokesmen have reiterated the commitment not to stop halfway through this struggle against ill-gotten wealth, in an effort to eliminate the causes behind money hoarding. The authorities are working expeditiously within Decree Law 149 to achieve this.

To date, and as a direct result of the process, 222 citizens have been registered as money hoarders. These now have to prove, through documents, the ownership of 180 cars, 83 motorbikes, 48 trucks, 24 tractors, 108 houses, and over 3.5 million pesos. The provinces with the most cases and largest amounts of goods are Havana City, Havana, Pinar del Rio, and Camaguey. There are also cases in other provinces.

The way in which these people became wealthy is significant, in general, as is the fact that they foster criminal activities and various crimes. There are, for example, people dealing in meat, spare car parts, and tires. There are also those who repair old cars. This allows many of them to build houses like the eight-room home a citizen from Ciego de Avila is erecting on a salary of less than 300 pesos. He also owns a truck, a car, and a floor-tile machine.

The main goal of the process against the money hoarders is not to prove the legitimacy of the goods, but to demonstrate whether they correlate with the means of the citizen in question. In other words, they must prove their source of income. Of the 222 cases registered to date, 42 percent are unemployed, 8 percent are small farmers, another 8 percent are managers of grocery stores, meat shops, workshops, and other such facilities. Precautionary measures have been implemented against all of them.

Bank accounts had not been the indicator that began the process against the money hoarders. The privacy of these accounts is being preserved. Only when the case calls for it does the bank come into play—to provide details.

Currently, according to reports by sources from the attorney general's office, they are working to conclude the first cases. This involves four careful steps, from the prosecutor's office to the Ministry of Finance, in order to ultimately determine confiscation of the money hoarders' ill-gotten goods.

Regulation Governs Labor Disability Determinations

FL0806010994 Havana Radio Rebelde Network in Spanish 1700 GMT 7 Jun 94

[Text] A new legal regulation to improve the labor disability report is in effect nationwide following the issuance of Resolution No. 52 of the Public Health Ministry [Minsap]. The resolution clearly states the great responsibility borne by those who are selected to disability panels because their decisions are significant in political, economic and social terms: first, because their decisions will impact the implementation of one of the most significant accomplishments of the Revolution, social welfare; second, because it implies making retirement payments to disabled workers; third, because when a worker leaves the labor force, the impact goes beyond the public health sector.

These are the bases for the current dispositions of the labor disability report contained in the new Minsap resolution. It is known that prior to this regulation, superficial and even fraudulent evaluations were quite frequent. These evaluations determined partial, total, or permanent disability status on the basis of friendship or bribes, although we do not want to allude to the majority of the cases evaluated in the past. The determinations issued from now on, however, must consider the age, sex, specific work load, risk factors, and physical capability of the workers according to the injury in question, in order to determine if it is a case of total or permanent disability for their current work, or partial or permanent disability for other work.

The performance of these disability panels will be examined periodically and their members will be evaluated annually on the fulfillment of their duties. If violations are detected, and they have social repercussions detrimental to the prestige of the medical practice, the case will be brought to the public health minister to determine suspension or banning from medical practice.

Commentary Links 'Obstinate' U.S. Policy, Isolation

FL0706153194 Havana Radio Rebelde Network in Spanish 1155 GMT 7 Jun 94

["Our Opinion": Commentary by Orlando Contreras; from the "Doing Radio" program]

[Text] Information from abroad suggests that the obstinate U.S. practice of gambling on and fueling Cuba's collapse loses support every day because of its foundation and illegal nature and that the longer it takes its supporters to reconsider this position, the greater will be their failure.

Cuba will soon hold a new round of talks with British businessmen, sponsored by THE ECONOMIST. One British analyst says that this, among other things, indicates that London gives little importance to Washington's claims of an alleged Cuban collapse.

There is more: Cuban Basic Industry Minister Marcos Portal confirmed during a brief visit to several European and northern countries the success of foreign contract oil exploration enterprises that work in Cuba at their own risk. Several European sources report that two new agreements have been signed in London.

Qatar, a small, independent, Persian Gulf country that produces a great deal of oil, not only has established diplomatic relations with Cuba but also has decided to send businessmen to Cuba and to work on mutually beneficial projects with our country.

The 24th OAS General Assembly has just got underway in Belem, Brazil. Brazilian President Itamar Franco expressed support for the OAS reconsidering its 30-year-old resolution separating Cuba from that inter-American organization. Outgoing OAS President Joao Baena Soares has also expressed support for this.

An important group of Colombian legislators, most of whom are from the Liberal Party, the current governing party, will send a message to the fourth Ibero-American summit, beginning one week from today in Cartagena de Indias, demanding the end of the U.S. blockade against Cuba. In addition, a group of U.S. businessmen, intellectuals, and politicians, together with sectors of the Cuban emigre community, will demonstrate against the blockade in Washington on 9 June.

Other reports state that Russia and Venezuela are considering the possibility of resuming the supply of oil to Cuba through a formula that would save transportation from Russian ports.

Mexican President Carlos Salinas de Gortari will arrive in Cuba on an official visit on 13 June. Mexico has always maintained relations with our country, relations that remain in optimum conditions.

These are the facts, not rhetoric, that demonstrate that Washington's isolation regarding its anti-Cuban policy increases every day.

'Straight Talk' Debates Agricultural Issues

FL0706155294 Havana Radio Rebelde Network in Spanish 1600 GMT 6 Jun 94

["Straight Talk" program hosted by Osvaldo Rodriguez of BOHEMIA magazine with guests Luis Sexto of BOHEMIA magazine and Eloy Concepcion of TRABAJADORES newspaper; date not given—live or recorded]

[Text] [Rodriguez] Cuban agriculture and its new formulas: I believe we have discussed this issue on other occasions and from different angles. For example, one day Eloy and I discussed whether or not Cuban soil could feed the Cuban people. We discussed the basic cooperative production units and criticized some things in the agriculture sector on other occasions. Today, I suggest we examine the new formulas for the agriculture sector, how they can influence Cuban life and how and to what extent they can solve the food problem. Luis, I propose that you begin the debate because I see you are eager to begin a lengthy dissertation.

[Sexto] No, let me tell you that you have put me in a tight spot. I respect Eloy a lot because I believe he is a good journalist and because the issue of agriculture has been one of his constant campaigns. I also know that he is a specialist, an agricultural technician. He does not know it, but I know that he studied in an agronomy school way back in his youth. In fact, I recognize his authority due to his dedication to the topic as a journalist and due to his knowledge about the agronomy sector. That is why you have put me in a tight spot.

[Rodriguez] Alright. You must begin as the youngest man.

[Sexto] Alright. I accept if you put it that way. Agriculture is a very critical issue. It is very critical because it has a direct influence on the population, it is part of the people's livelihood. In fact, we currently see that our agricultural sector is not fulfilling the people's nutrition needs. I might ask: What happens? Is it true that our agricultural sector is as inefficient as the empty marketplaces show us? Is it true that it has always been that inefficient over the last 35 years? We must ask that question. There is another question we must ask: Why has there been another organization? We have answered this question, but it would not be a waste of time to discuss the issue again.

I endorse the view that agriculture has not always been a failure. I think Cuban agriculture has gone through various phases. I think the last 5-year phase has not been the happiest. It has not been the happiest because our agriculture suffered an overwhelming blow. It was a highly technical agriculture; it was an agriculture that relied on machinery, fuel, and chemical products, and it practically lost its suppliers of machinery, fuel, and chemical products. In Cuban slang, it was an agriculture that found itself naked all of a sudden. Therefore, right now, at this point, we cannot demand miracles from our agriculture, which is striving, seeking solutions, seeking solutions and even asking the people to go that extra mile to overcome this depressive phase.

[Rodriguez] What does Eloy Concepcion think about this?

[Concepcion] It is like Luis Sexto says. Now then, there is an essential element that I always like to bring up when I talk about everything. Our country is dutybound to do what is part of the most sacred and beautiful thing that the revolution has, meaning the pledge to provide for 11 million people on an equal basis. Any analysis must bear this in mind. If we do not make that analysis, we will not find the truth. If we did not have equal distribution, the analyses would be different and production would be easier because we would opt for the so-called market economy and the policy of every man for himself. Those 11 million people sometimes multiply because we have hospitals, schools, the so-called social consumption, and the workers' cafeterias, which charge prices that fail to cover the costs of the products being offered, etc. etc. Those issues must be considered.

[Rodriguez] Cuban agriculture and its new formulas: That is the issue Luis Sexto, of BOHEMIA magazine, and Eloy Concepcion, of TRABAJADORES newspaper,

and myself—Osvaldo Rodriguez, of BOHEMIA magazine—are reviewing in "Straight Talk." Luis Sexto is requesting the floor as if we were in a meeting.

[Sexto] Osvaldo, we are in a meeting. I want to say that many myths have existed regarding Cuban agriculture, above all, myths that are curently being used in certain enemy propaganda and in certain views within the country because they cannot understand what happens in Cuba, what were the basic causes that propitiated this situation. That is why they are resorting to myths. I want to talk about the myth concerning prerevolutionary Cuban agriculture, meaning Cuban agriculture prior to the revolution. In fact, it is said... [pauses] A scheme of the enemy propaganda states Cuban agriculture produced everything for everyone before the revoluution.

I believe one-third of the Cuban population was not born yesterday; two-thirds were born after 1959. That says a lot about the Cuban revolution. One-third was born before 1959. I am part of that third, and I have a memory. In addition to having a memory, I have eyes to read and delve into my country's files. I spend a lot of time delving into my country's files. I want to remind those over there—and some over here—that Cuban agriculture prior to 1959 did not produce everything for everyone. I want to state that there was practically no Cuban agriculture. I do not think you can talk about agriculture in a country that had 9,000 tractors in 1959, a country whose soil had almost no chemical fertilizers, a country in which irrigation was almost unheard of

I do not think we can talk about agriculture. What agriculture are we talking about?

Let me give you some figures: A country which imported 63 percent of its grain could not have agriculture. In other words, what do they mean when they claim everything was produced for everyone prior to 1959? I also want to add: In 1957, a Catholic university group comprised of professionals and students who had nothing to do with communism, who had nothing to do with the left—because many of them now live in Miami—published a poll they had conducted in our countryside. They proved with figures resulting from careful research that only 2 percent of the peasants who comprised the rural population in Cuba—3 million people at the time, 34 percent of the population—ate meat, only 4 percent ate eggs, and only 1 percent ate fish. In other words, what agriculture do they claim existed in the past?

Granted, there was the sugar industry. The country also had 100,000 caballerias of idle land waiting for the time the U.S. mills needed them to sow sugarcane. Of course, there was a developed sugarcane agriculture with giant companies and 100,000 caballerias of idle land, whereas 46 percent of the rural population was unemployed, all this in 1958.

[Concepcion] The sugarcane industry was developed, but the sugarcane was cut by hand.

[Sexto] Yes, that is right. That was a relative development.

[Concepcion] Now more than 80 percent is mechanized.

[Sexto] Obviously. That development was relative. That is what I was talking about.

[Rodriguez] I think that is very important. It is appropriate to mention those things. I have discussed this issue many times. I believe, however, we must return to the topic we mentioned at the beginning of the program and talk about today's agriculture. Like you said earlier, you believe this agriculture has not always been a failure. I do not believe it has been a failure, either. I do not think Cuban agriculture today is a failure even. I think plans have failed, I think branches of agriculture have failed, and I think other branches of agriculture have set a tremendous example. I always use the national poultry enterprise and the development achieved in the cattle sector, which suffered a setback at a given moment but achieved great progress in the genetic and milk production sectors, nevertheless, as examples.

We are talking about Cuban agriculture and its new formulas. Let us talk about the new formulas.

[Concepcion] This is what happens, Osvaldo. Many people are not aware our agriculture—edible roots and vegetables—is not only a state enterprise. Many people do not know there are 105,000 individual peasants who own land in Cuba. Many people do not know there are 1,180 agricultural-livestock cooperatives [CPA] comprised of peasants who gave their land. Many people do not know that the basic cooperative production units have been created in the last 6 months. The government has granted the workers permanent usufruct of the land, and it has sold them the means for production.

Also, many people do not know that 92 percent of the garlic produced in the country is produced by private landowners rather than the state. A total of 58 percent of the tomatoes is also produced by the CPAs and individual farmers. The same goes for 46 percent of the yucca, 54 percent of the sweet potato, and 91 percent of the carrot. In other words, those are abysmal figures. Many times we hear people talk about agriculture, and they put all the blame on the state. Well, the state is also to blame; logically, it must bear most of the blame because the state has been unable to provide enough fertilizer and fuel throughout these years. All this sensibly affects the agriculture in a tropical country.

From what I said at the beginning and with the abrupt suspension of supplies from six socialist countries—on top of the blockade, which continues to have a decisive effect on our economy—it would be foolish or evil to think we can solve the agrarian products' supply problem overnight or by the grace of God.

[Sexto] Of course, the creation of the basic cooperative production units is the result of the audacious decision adopted by the party and the government because they

are trying to seek formulas which encourage work under these conditions. Our country has practically been compelled to render part of its 80,000 tractors useless.

[Rodriguez] Luis Sexto, now that you talk about encouragement there is an interesting thing: You know that at least 1 million workers will join the basic cooperative production units. If you multiply this by four, which is the average Cuban family, you get 4 million persons. These persons would be directly involved in and enjoy the benefits of the basic cooperative production units. Also, they would be encouraged by the new production formula... [pauses] There is a lot of talk about incentives, and I believe there are extraordinary incentives. Many of those basic cooperative production units have already solved their self-supply problem and have sold edible roots and beans to those workers and their families.

[Sexto] The measure is very intelligent. The measure will yield expected results in the medium or long term. Now then, I want to state that our state agriculture, when it had all those fuel and fertilizer supplies, meaning the state agriculture which some people have always termed as a failure—I say it has not always been a failure—once produced more milk and eggs than a capitalist country. It once produced 50 percent of the rice consumed in Cuba, and once it produced citrus as has never been done in a capitalist country.

[Rodriguez] Undeniably, the topic is far from over. I invite you, my friends, to continue this in another "Straight Talk" program. Thank you, Luis Sexto of BOHEMIA magazine and Eloy Concepcion of TRABAJADORES newspaper for your straight talk about Cuban agriculture and its new formulas.

Dominican Republic

Official Urges List of 'Exempted' Goods

PA0706193494 Paris AFP in Spanish 1747 GMT 7 Jun 94

[Text] Santo Domingo, 7 Jun (AFP)—Talking to reporters in Santo Domingo on Tuesday, Deputy Foreign Minister Fabio Herrera Cabral urged the United Nations to provide a list of supplies exempted from the embargo imposed on the Haitian military regime in order to avoid a "genocide."

Herrera Cabral said that if the absolute blockade is maintained along the border between the Dominican Republic and Haiti, "an induced and announced genocide" would be fostered. The Dominican Republic and Haiti share the Caribbean island of Hispaniola.

Until recently, food, medicine, and other goods for stores and factories flowed from the Dominican Republic into Haiti despite the embargo ordered by the United Nations to force the ousting of the military and the return of President Jean-Bertrand Aristide who was toppled on 30 September 1991.

A systematic contraband supply of gasoline joined those "humanitarian" supplies along the Haitian border, prompting Washington and the United Nations to pressure Dominican President Joaquin Balaguer to make effective the total closure of the border posts. Balaguer agreed and since then a military cordon along the border strip, measuring 300 km in length, has been set established.

Herrera Cabral said he discussed the matter with Balaguer but declined to comment on the outcome of the meeting with the president, who is a steadfast opponent of the embargo for fear of a massive invasion of Haitians into the Dominican Republic.

Reports from the border area indicate that hundreds of Haitians living in nearby villages try to cross the border every day to obtain supplies in Dominican stores. Until now, the Dominican controls along the border have resulted in the death of one Haitian at the hands of a Dominican soldier.

The deputy foreign minister said UN negotiator Dante Caputo promised to provide the Dominican authorities a list of the products that may be sent to Haiti, but the Dominican Foreign Ministry has yet to receive it. "There is a quantity of food ready to be sent to Haiti, and I hope that the matter is resolved today or tomorrow," Herrera Cabral stated. The official warned that "the time will come when the patience of armed soldiers will not let Haitians have an open field because that would be dangerous for the country."

He concluded by saying he did not know the date of the arrival of a mission of UN observers and logistical support, including U.S. helicopters, to monitor compliance with the embargo along the border.

60,000 Protest Alleged Electoral Fraud

PA0806033494 Mexico City NOTIMEX in Spanish 2359 GMT 7 Jun 94

[Text] Santo Domingo, 7 Jun (NOTIMEX)—Police sources report that approximately 60,000 Dominicans protested today in Cotuy, 140 km northeast of Santo Domingo, against the fraud allegedly perpetrated in the 16 May general elections.

Several civic organizations in Cotuy called residents to a general work stoppage—the first of several protest actions planned by the Dominican opposition and in which more than 50 percent of the population participated.

According to reports, public transportation was scarce and only a few stores conducted normal operations during the strike. Nevertheless, no serious incidents were reported.

Reports of serious irregularities during the elections have delayed the proclamation of a new president.

Jose Francisco Pena Gomez, presidential candidate of the opposition Dominican Revolutionary Party, today threatened to call a general strike if current President Joaquin Balaguer is proclaimed the winner.

Pena Gomez declared: "The illegal proclamation of Balaguer would unleash all kinds of protests, including a general strike. It would not be necessary, however, to resort to violence. Peaceful resistance would suffice." He added, "We will paralyze entire cities and provinces."

Pena Gomez has repeatedly claimed that the Central Electoral Board permitted "a colossal and blatant fraud" in the May elections in the Dominican Republic.

Haiti

Jonassaint Government Protests Clinton Remark

PA0706182294 Paris AFP in Spanish 1648 GMT 7 Jun 94

[Text] Port-au-Prince, 7 Jun (AFP)—The government of provisional Haitian President Emile Jonassaint (not recognized by the international community) protested "vigorously" today against a statement by U.S. President Bill Clinton that Haiti is located in the U.S. "backyard."

"Untimely statements such as this violate the cardinal and universal principles of sovereignty and self-determination that govern relations among nations," a communique issued by the provisional government pointed out. "The sacred land of Haiti is not and will never be the backyard of any other state, not even of the world's most powerful," the document added.

After reminding that the use of force remains among the U.S. options for restoring democracy in Haiti, Clinton pointed out on 19 May, the United States has "significant interests" in this country, which is located "in the backyard" of the United States. He also commented on the problem of the Haitian refugees and on drug trafficking.

Communique Protests Clinton Statement

FL0706215294 Port-au-Prince Radio Metropole in French 1600 GMT 7 Jun 94

[Text] In Port-au-Prince, the provisional government protested against statements made by President Bill Clinton of the United States. The government of Judge Emile Jonassaint raised a vigorous protest against President Clinton's recent statements, according to which Haiti is located in the United States' backyard.

Such untimely statements clearly violate the cardinal and universal principles of sovereignty and self-determination that govern relations among nations, writes the Ministry of Information in a press release. The land of Haiti is not and will never be the backyard of any state, not even of the world's most powerful, continues the government press release which also denounces the unspeakable behavior of unnatural sons of the homeland who, obsessed with the passion of power, offer the country's detractors an opportunity to degrade it.

Jonassaint Government Responds to Military Threat

FL0706221694 Port-au-Prince LE NOUVELLISTE in French No 34.767 6 Jun 94 p 1

[Press release by the Jonassaint government responding to the threat of military intervention in Haiti.]

[Text] 1. The provisional Government of the Republic has noted with stupefaction the AGENCE FRANCE-PRESSE dispatch dated 3 June in which a Haitian citizen has just demanded a military intervention by a foreign power against his country.

2. The provisional Government of the Republic is amazed that the United Nations charges this government with state delinquency by unanimously legalizing this cowardly attack by the planet's superpower against the small, independent, sovereign Republic of Haiti, still a statuary member of this organization.

3. In view of this unanimity of international policy in favor of organized genocide on behalf of anarchy and fanaticism, regardless of logic, in defiance of international law, regardless even of reason, the Government of the Republic believes that it must protest, and as a matter of fact, does protest against the military option considered and being closely executed by the Navy despite the sane opinion of polite society, carrying on regardless of the resolutions of Congress.

4. The provisional Government reiterates to all the great and small powers of the world its deepest feeling of friendship and good faith in cooperating with the international community for the defense of peace and the promotion of the development of nations.

5. The provisional Government stresses to all, however, that any attack will trigger an automatic reaction of defense, even suicide.

6. Therefore, the order has been passed to the Haitian Armed Forces to remember under these circumstances the strategic traditions of the country by taking all proper measures to organize civil defense for the benefit of the national population.

7. The homeland remains above all sacrifice!

Clandestine Radio Accuses U.S. of Coup, Army Support

FL0706231194 (Clandestine) Radio Soley Leve in Creole 0130 GMT 4 Jun 94

[Text] Here is our opinion. A second 1915 is threatening the country. What must we do? When the U.S. Marines landed in Haiti on 28 July 1915, most Haitians in the cities refused to understand. They were always sounding bugles, shouting freedom or death. They were always swearing that they would not let foreigners take the country of Dessalines again. But unfortunately, words are something and the decisions we make are something

else. On 28 July 1915, there were Haitians who were impatiently awaiting the Americans .

As in 1915, so it is today in 1994. That is 79 years of humiliation, mourning, torture against inhabitants in both the cities and the countryside. The dirty Haitian bourgeoisie has joined with a coarse, criminal Army to annihilate all the Haitian people and to help the Americans land again—to weigh us down even more within the logic of the coup d'etat and the protection the Americans have sworn to provide as a reward to all the criminals who helped it stage the coup d'etat. There were Haitians who welcomed the Yankees in 1915 because they would bring industry, and consequently, the country's economy would progress.

Today, in 1994, considering the U.S. plan for the Caribbean region within the framework of the New World Order, will the Americans be bringing industries and progress? If we closely examine what is going on today, we will realize that the Haitian situation is a real headache for the U.S. Government. Haiti is one of the most problematic countries in the region. Imperialism took many chances with all its previous governments, before the government of Titide Aristide. Nothing ever worked. All the money that was invested in development projects to prepare Haiti to enter the New World Order has vanished because most of that money was misused by dictators while the country remains underdeveloped despite the fact that the Americans felt they could cooperate with those outdated, bloodthirsty, and dictatorial governments that were previously in power in Haiti.

Regarding Aristide, despite all the mistakes his government might have made, President Titide appeared as one of the most honest governments that ever led the country. But the Americans did not agree with this government's social project. So they dismissed it. It therefore looks more necessary for the United States to stage another military intervention in order to integrate the country into the framework of the New World Order, but without President Aristide. We are not talking about the [words indistinct] the 1915 seashore businessmen who always pretended to love Haitians, but who were always sucking the people's blood for advantages from foreign countries, their home countries.

All these things show how forgetful we are. Why should we believe the United States would like us more than this Army of zenglendos and the bourgeoisie? Why would the United States be interested in coming to help us in 1994 when we consider that it prevented us from seeing the color of true democracy, which the entire Haitian people wanted to establish through the 16 December 1990 elections? What would prompt the United States, which refused to acknowledge our independence until the year 1895, to try to remove us from the sufferings we are experiencing now in 1994? If Haitians today think that another U.S. intervention will help us, it is also because we have tried to become conscious so we can really feel what is going on now in our little country.

As early as 1898, during the war between Cuba and Spain, the U.S. Government began a gruesome game in the Caribbean Sea. Marines landed for the slightest reason. Americans were conquering. Cuba, Panama, Nicaragua, and the Dominican Republic were under their law. They were all being kicked. They were all working hard for the well-being of U.S. people, for the advantages of U.S. imperialism. Even recently, in the year 1990, after the Cold War period, after the disappearance of the eastern bloc, the Americans landed in Iraq and killed people to defend their own interests. Besides, what would prevent them from doing that because they are king everywhere, they are the policeman of the world. Despite all this and all that we do not say, we do not understand why we refuse to be cautious. We will end this talk here for today. Let us think, because once again, our lives are threatened.

'Hunger, Fear' Dominate Border Towns

FL0706235694 Port-au-Prince Signal FM Radio in French 1030 GMT 6 Jun 94

[Text] Meanwhile, hunger, fear, and despair are common occurrences in the border area between Haiti and the Dominican Republic, where local authorities are still waiting for instructions to authorize the crossing of humanitarian aid, the only aid allowed since the UN Security Council ordered the total embargo against the Haitian junta on 21 May. Thus, in Dajabon, a city located in the north of the Dominican Republic, the district retains $20,000 of humanitarian aid out of the $40,000 collected by the national Catholic Church. The problem here is that there is no one, there is no one [repeats] who has civil, military, or international authority, Father Regimo Martinez complains.

While in Port-au-Prince the effects of the embargo have begun to be felt, the situation at the border is desperate. It is one of the poorest areas of Haiti. In the villages close to the Dominican Republic, cities like Dajabon in the north of the country and Jimani in the south, some Haitians manage to elude the vigilance of the Dominican border guards to obtain something to eat, even though it is often dried pieces of cake or simple pieces of bread.

In Villa Anacaona, the last border post before the road enters Haitian territory, the military and security services control the vehicles to make sure they do not carry anything into Haiti. On a road through Haitian territory, children are seen desperately pursuing the rare vehicles that pass, begging for food. The children hurry down the hills to ask for food or money, with their hands on their stomachs to show that they are hungry. They all live in small huts with straw roofs, but without walls, on the 50 km of the nearly impassable road. At the approach to the Dominican Republic, there are a few Dominican workers repairing the road. In this area, there are four Dominican surveillance posts, each comprising two soldiers who are sent for eight days.

One of the extremities on the way to its highest point is Pedro Santana, a poor village on Dominican territory, whose inhabitants sit in the doorways of their houses, commenting on the events of the day while sipping a beer.

PGR Arrests 13 for Gun Running; Weapons Seized

PA0606153794 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 6 Jun 94

[From the "Early Morning" newscast]

[Text] The Attorney General's Office [PGR] reported that 13 gun runners were arrested in several operations. At the same time, 10,159 ammunition rounds of diverse caliber, 550 grams of dynamite, and 17 weapons were seized. The PGR reported that the operations are continuing in order to determine the origin and final destination of the weapons as well as possible participation of other individuals in the gun running activity. The PGR indicated that the largest weapons' seizure took place at the Sonora checkpoint, where 7,600 ammunition rounds of various calibers and seven weapons were confiscated.

Roundup of Economic Developments

PA0706233494

[Editorial Report] The following is a compilation of reports on economic developments monitored through 7 June.

The Mexican economy grew slightly in the first quarter with the GDP increasing 0.5 percent over the same period in 1993. Nevertheless, for thousands of Mexican companies and their employees, the recession that began in 1993 continued. This was particularly true in the service subsectors of trade, restaurants, and hotels. The recession in the service sector has lasted longer than in the other areas of the economy. The last time this sector showed growth was in the first quarter of 1993, when it registered an annual growth rate of 2.2 percent. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 2 Jun 94)

CORPAMEX [Mexican Employers Confederation] President Antonio Sanchez Diaz de Rivera told UNOMASUNO yesterday that economic growth has been "delayed" and that its reactivation will not be seen until 1995. In a news conference, Diaz proposed that new family businesses be exempt from all types of taxes and a 3 percent cap be placed on sales taxes. According to Diaz, these measures will allow "groups in the underground economy to pass into the formal economy, and this will prevent the unemployment problem from worsening." (Mexico City UNOMASUNO in Spanish 1 Jun 94 pp 1, 19)

The under secretary of trade has said NAFTA is "progressing very well," adding that proof of this is that manufacturing exports in the first quarter rose 25.4 percent over the same period last year. The under secretary also announced that a free trade agreement will be signed among the G-3 nations—Colombia, Mexico, and Venezuela—during the upcoming Ibero-American presidential summit in Cartagena de Indias, Colombia. The official also said the free trade agreement signed with Costa Rica has paved the way for negotiations with Nicaragua, Guatemala, Honduras, and El Salvador. (Mexico City NOTIMEX in Spanish 2024 GMT 2 Jun 94)

The Bancomer Financial Group has announced that the lifting of trade barriers and lagging technology have had an adverse effect on the Mexican textile industry, even though in the long-run this could be the one of the sectors to benefit most from NAFTA. The Bancomer Group forecasts a 3.9 percent increase in the GDP this year, but only a 2.1 percent increase in the garment industry's gross product. Problems faced by the industry include a lack of integration in terms of production, a shortage of raw materials, low quality, limited designs, and high financing costs. (Mexico City UNOMASUNO in Spanish 2 Jun 94 p 17)

A poll conducted by the Secretariat of Commerce and Industrial Development (SECOFI) among industrialists, asking whether it should move to expedite the liberalization of trade barriers on some products listed under NAFTA, has met with a very poor response, while most respondents announced their opposition to the expediting of liberalization. The industrial sectors voicing the greatest opposition were those that produce glass, wine, household appliances, pharmaceuticals, heavy machinery, and chemicals. Meanwhile, industries in favor of speeding up the lifting of trade barriers were those that produce shoes, textiles, citrus fruits, flowers, and tropical fruits. (Mexico City LA JORNADA in Spanish 2 Jun 94 p 49)

The president of the National Agrarian Council has said problems still remain six months after NAFTA's implementation, particularly in terms of customs and the overall understanding of the trilateral agreement's terminology. The president noted that the majority of producers in this sector have expressed their opposition to speeding up the lifting of tariffs. Nevertheless, it was reported that the sector grew 7 percent in the first quarter, mainly because of strong exports of coffee and cattle. (Mexico City LA JORNADA in Spanish 2 Jun 94 p 52)

The governments of Mexico and the UK yesterday signed an agreement on tax issues. The agreement is aimed at averting double taxation and tax evasion on income and capital gains. The agreement seeks to eliminate excessive taxes resulting in double taxation on investments and capital flow between the two nations. The agreement also makes it easier for tax authorities from both nations to exchange information to combat fraud and tax evasion. (Mexico City UNOMASUNO in Spanish 3 Jun 94 p 14)

Japanese businessmen said during a meeting with President Carlos Salinas de Gortari that Japanese companies in the electric, banking, automobile, heavy machinery, construction, and food industries are interested in investing in Mexico in light of the nation's secure economic future. Among the companies interested in investing are: Bank of Tokyo, Honda Motors, Canon

Ltd., Sanyo, Nissan, Clarion, Aoki Corp., Marubeni Corp., and Terumo. (Mexico City NOTIMEX in Spanish 0333 GMT 1 Jun 94)

Yesterday, Mexican Petroleum [PEMEX] announced a 25-50 cent increase in the per-barrel price of petroleum as of 1 June for oil sales to the Americas, Europe, and the Far East. The measure is designed to keep Mexican crude aligned with prices on the international market. (Mexico City UNOMASUNO in Spanish 1 Jun 94 p 18)

PEMEX Gas Company and Basic Petrochemical Company—PEMEX subsidiaries—showed a 444 million new peso gross profit for the first quarter of 1994. In a press release, state-owned PEMEX reported that with larger revenues mainly from sales and a reduction in expenditures, the operation and investment budget showed a 570 million new peso surplus as opposed to the budgeted deficit of about 110 million new pesos. (Mexico City LA JORNADA in Spanish 6 Jun 94 p 48)

SECOFI will apply, as of Saturday, a retaliatory quota of 45.74 percent on beef imports from the EU. SECOFI also reported that an "antidumping" investigation has been initiated into beef imports from the United States. The retaliatory quota was imposed on meat from the EU after it was confirmed that European nations still subsidize this sector. If the investigations into the U.S. imports demonstrate questionable trade practices, a retaliatory quota will also be imposed on these imports. (Mexico City NOTIMEX in Spanish 1651 GMT 3 Jun 94)

The public sector, banking sector, and private industry's increase in contracting net international debts has prompted considerable growth in Mexico's overall foreign debt in the first quarter. According to SECOFI and the Bank of Mexico, foreign debt reached an all-time high in March at $119.179 billion. That is 6.7 percent higher than accumulated debt recorded in December 1993. Most foreign funds were used to finance export projects, as well as small and medium-sized businesses. (Mexico City EL FINANCIERO in Spanish 6 Jun 94 p 3A)

During 1993, private foreign debt increased by $10.791 billion, of which 67.8 percent was incurred by the nonfinancial sector and 32.2 percent by the banking sector. After the renegotiation of government liabilities in 1990, the placing of bonds and securities became the main foreign financing tool for a total of $5.285 billion in 1993. Of this total, 73.6 percent corresponds to 44 emissions by nonbanking firms and 26.4 percent to six emissions by the banking sector. (Mexico City EL FINANCIERO in Spanish 6 Jun 94 pp 1, 10)

SECOFI confirmed that in the first 1994 quarter, 19 percent of the 41.4 billion new pesos earmarked for public investments in 1994 had already been invested in public agencies and corporations. The total investment budget was increased by 7.324 billion new pesos to include investments in the National Solidarity program. The Group of Economists and Associates indicated that for the first time in several years public savings was not enough to finance public investments. (Mexico City EL FINANCIERO in Spanish 6 Jun 94 p 7)

El Salvador

Group Within FMLN Rejects Alliance With Factions

PA0806013494 San Salvador Canal Seis Television in Spanish 0030 GMT 6 Jun 94

[From "The Newscast"]

[Text] One of the five factions that comprise the Farabundo Marti National Liberation Front [FMLN] has rejected the possibility of striking an alliance with the other factions, thereby demonstrating that internal differences still persist within the party. Guillermo Valencia filed this report:

[Begin recording] [Valencia] The FMLN's political future remains uncertain. On 4 and 5 June, the Revolutionary Party of Central American Workers [PRTC] advocated a new unity pact, but it rejected an alliance.

[Unidentified speaker] We must reach an agreement with those we identify with in terms of politics, programs, and what a leftist party should be.

[Valencia] Have you talked about striking an alliance?

[Unidentified speaker] Actually, we do not know what our conclusions will be; however, according to the negotiations we have held so far with the rank and file, we are not likely to strike an alliance among the five FMLN factions.

[Valencia] The Communist Party of El Salvador, the People's Revolutionary Army, and the National Resistance last week agreed to seek a new alliance. However, the PRTC pointed out that it is unwilling to enter into a pact of this kind. Instead, it will come to an agreement with only those movements that are advocating a new kind of pact.

[Unidentified female speaker] This is a practical problem. The FMLN has limitations and lacks force as long as it cannot reach unified opinions and beliefs. Our struggle consists of forging a strong left and constructive opposition, but it must be coherent in its proposals and actions. Should we strike an alliance based upon the understanding of common issues, anyone could at any moment strike an alliance with other sectors that oppose the new agreement.

[Valencia] The FMLN National Council on 26 June will meet to decide on ways to approach a new political pact. [end recording]

Roundup of Economic Developments

PA0806011694

[Editorial Report] The following is a compilation of reports on Salvadoran economic developments monitored through 7 Jun.

Addressing a meeting of presidents from the Central American Chambers of Commerce, Economy Minister Luis Enrique Cordova on 2 June warned that if equitable treatment is not guaranteed in free trade negotiations, there is a risk that investments will be diverted away from Central America. The meeting is being held before negotiations for a free trade treaty with Mexico to review the private sector's role in the negotiations. (San Salvador Canal Doce Television in Spanish 0300 GMT 3 Jun 94)

The Central Bank reported on 3 June that economic activity in El Salvador increased 7.1 percent during the first three months of 1994. The increase was primarily attributed to the "dynamic" output of the industrial and construction sectors. The 1994 monetary program is designed to achieve overall economic growth of 5-6 percent. (Panama City ACAN in Spanish 2113 GMT 3 Jun 94)

Guatemala

De Leon Marks 1st Anniversary in Office

PA0806032894 Guatemala City Radio and Television Networks in Spanish 0302 GMT 7 Jun 94

[Speech by President Ramiro de Leon Carpio marking the 6 June anniversary of his first year in office; place and date not given—recorded]

[Text] People of Guatemala: 6 June marks my first year in the presidency and the anniversary of a commitment I made to you. This commitment, which is based on a number of principles, remains valid. I want to report that progress has been achieved during this period.

Despite major obstacles in the political, economic, and social realms, we have taken historic steps I would like to stress, because our government—although we consider ourselves to be a transition government—has not been idle but has tackled the country's most serious problems. Although this government does not plan to resolve all of these problems, it does plan to establish foundations for new structures in Guatemala.

In the realm of politics, our goal is to consolidate democracy and the de jure state. Fulfilling this goal is undoubtedly among one of the achievements of this government—namely, the preservation and strengthening of our institutions within the framework of the law.

The Guatemalan Army is aware of its role within a democracy, and it has supported the government and its institutions. Therefore, it also has supported the democratic process.

The purging process stems from this effort to preserve and strengthen the government. It started in the executive branch itself. We fired officials who had supported a break in constitutional order and those who had been involved in corruption. Despite adverse conditions—

conditions of which all Guatemalans are aware—we managed to conduct a popular consultation that allowed us to begin implementing viable constitutional reforms.

As a result, we will have a new Congress of the Republic and a new Supreme Court of Justice through legislative elections—that is, through legal and peaceful means. The Guatemalan people wanted the renewal of the Congress, and we are renewing it, perhaps through the least popular means at this time but, nevertheless, the most solid and positive means in the long-term.

Constitutional reforms have already yielded results. We have a new independent prosecutor general and attorney general. We have banned the transfer of budgetary funds within the government. Confidential expenditures have been absolutely abolished. This makes the administrative-financial process more honest. A deputy was removed for the first time in history as the result of reforms of pretrial procedures.

As for our efforts in seeking peace, our progress is more than significant. One year ago, this process was at a complete standstill. We now have a commission specifically tasked with achieving peace, and we have presented to the Guatemalan people a national negotiation-based peace plan which is designed to end armed confrontation. This plan is based on the establishment of a permanent forum for peace and national reconciliation, and moreover, it is based on governmental efforts to meet the social demands of the people—namely, the struggle against poverty.

On 29 March 1994, we signed with the URNG [Guatemalan National Revolutionary Unity] an agreement on a timetable for negotiations to attain resolute and lasting peace in Guatemala. It reaffirms the commitment of both parties to signing a peace agreement in 1994. We also signed a comprehensive human rights agreement that allowed a mission tasked with verifying human rights to visit the country for the first time in May 1994. This will lead to the installation of the International Verification Commission, which will be done as soon as possible.

Within this framework, over the past 12 months we have been able to guarantee the return of 4,830 Guatemalans, who represent 1,014 households, by instituting the Labor Reinsertion Fund [Fondo de Reinsercion Laboral] with an initial working capital of 14 million quetzals, as well as by establishing the National Indigenous Fund and appointing its Board of Directors.

Now, one year after I entered office, the peace process has progressed to such an extent that the signing of an agreement for a firm and lasting peace has never been so near at hand—an agreement that will make it possible to put an end to armed confrontation and successfully combat poverty in Guatemala.

In terms of public security, because of the rise in violence, we implemented an emergency plan which is supported by the Guatemalan Armed Forces and which encourages greater efficiency in the National Police and Finance Police. This program is starting to show results in curbing kidnappings, preventing auto theft, and in the struggle against drug trafficking. This has resulted in greater security for the people.

In terms of economic matters, restraint and honesty represent this administration's fundamental principles. Moreover, even though corruption has not been abolished, it is evident that the Guatemalan people are convinced they have a president who is here to govern and not to get rich or to conduct business deals.

The Guatemalan people are aware of the conditions under which I assumed control of the country. The treasury was depleted, and there was debt everywhere. Despite the problems we have faced in the political realm, our administration has been able to preserve economic stability. We were able to control inflation to such an extent that it totaled 11.2 percent in 1993. This is much lower than the 14.2 percent registered in 1992. Moreover, it has been forecast that inflation will not exceed 10 percent in 1994.

In part, price stability has been created by improved coordination of monetary and fiscal policy. This is evident in the performance of the Bank of Guatemala [Banguat] credit to the central government, which has decreased over the past 12 months by nearly 474 million quetzals.

By ensuring stability in foreign exchange, it has been possible to make the exchange system more flexible. Banguat's external debt was reduced by $173 million over the past 12 months, and international monetary reserves now total $801 million.

In terms of fiscal issues, the government is directing its efforts at reorganizing and sustaining public finances. Restraint, honesty, and openness have allowed us to reassign public funds to priority items, thereby supporting public investments. In an unprecedented event, we have been able to implement nearly 1.280 billion quetzals worth of public investments, which represent 77 percent of all planned investments. Our accomplishments are quite significant in terms of the past performance of government investments, which over the past decades never exceeded 50 percent of budgetary targets in any one year. Nevertheless, despite initial problems in redirecting efforts while establishing priorities within the government's current agenda, and despite the difficult financial situation, this administration has been able to implement 67 percent [figure as heard] of its planned investments over the past 12 months. To all of this we must add 562 million quetzals administered by decentralized agencies. All of this has allowed us to implement 997 projects, which include 12,006 secondary projects, many of which are being carried out in the country's far-flung regions with the support of and efforts from many communities in the rural areas.

In the institutional sphere, and as result of the public workers strike, a Government Restructuring and Wage

Policy Commission was created and tasked with advancing the modernization of the executive branch. We have continued to make progress with our institutional modernization policy, which ultimately will allow the government to improve the efficiency of the services it offers through a process of concessions and demonopolization. We are working within a legal framework, which the administration has made transparent to all sectors. Nevertheless, as tangible proof of these actions, we are restructuring the electricity subsector. [Word indistinct] is ready for privatization.

In terms of economics and support for investments, we have signed the Guatemala Protocol, which modifies and perfects the Federal Treaty of Central American Economic Integration. We currently hold the temporary secretariat of the Central American integration process, and we have made important progress within the framework of GATT, as well as in the offer by the U.S. Government regarding the possibility of the region's joining NAFTA.

The efforts under way are keeping open the possibility of our gaining access to the same advantages Mexico will obtain from NAFTA, while we negotiate the region's full inclusion into the treaty.

In the international field, we must stress the defense of the rights of Guatemala in the case of Belize, having obtained the latter party's recognition of the existence of a dispute.

In the social sphere, I must underscore that our achievements in the area of investment are the result of economic and administrative decentralization, which has been possible because we have promoted a culture of social participation. In this process, important roles have been played by the Development Councils which, at the same time, have managed to set up the Community Development Solidarity Fund. Another special instrument for development is the National Peace Fund. Through these two funds alone, we have executed projects worth 238 million quetzals in the poorest areas of the country.

We have distributed to the municipalities 368 million quetzals in accordance with the 8 percent of the budget stipulated by the Constitution. This has been done directly, during visits I have made to 150 of the country's poorest and remotest municipalities and villages.

All of the aforementioned actions have allowed, improved, and expanded social supervision; in other words, they have fostered direct and participatory actions by the communities.

People of Guatemala: We are working with a new style of government and with a positive and constructive attitude, despite the difficulties we have encountered. We are approaching our problems with intensity, without losing ourselves in short-term views despite the provisional nature of our administration. This government thanks the Guatemalan people for their expressed confidence, which has been proved by recent polls that show the president with a 76 percent approval rating.

Before I conclude, I must tell you that I just returned from a trip to Peten. I was accompanied by my wife, top government officials, civilian and military authorities, and, in particular, by Costa Rican President Figueres. Today, 295 projects were simultaneously inaugurated throughout the country at a cost of 52 million quetzals. These projects will benefit between 1.7 million and 2 million Guatemalans. I would have liked to have inaugurated all of these projects, but I preferred to do so in a very remote, poor, and needy village—in Ixbobo village in San Luis, Peten, where we held a lovely ceremony and where the Costa Rican president and I, with great satisfaction, symbolically cut the ribbons that inaugurated all of the projects I have mentioned. In this way, we are combating poverty, attempting to eradicate violence, and raising the standard of living of all Guatemalans.

In conclusion, I must tell you, people of Guatemala, that I have a commitment to all of you. I am working and will continue to work to leave for the next government a country that will be in a different state than the one I found it in. Nevertheless, we must keep in mind that the creation of a different Guatemala is a task for all Guatemalans. We must adopt an attitude of solidarity and progressiveness that will allow us to build a country in which peace and social equality will prevail. Thank you very much.

Defense Minister: Gunrunning 'Serious' Problem

PA0806025294 Guatemala City SIGLO VEINTIUNO in Spanish 4 Jun 94 p 3

[Text] DIDE [Information and Press Department of the Army] spokeswoman Berta Edith Vargas has said, that according to the defense minister, gunrunning into Guatemala is a serious and complex problem the Army intends to solve.

She has said that, despite the special efforts of several government institutions, the Army must deal with the extensive border across which arms and all types of goods are smuggled in; for this reason, it is impossible to have complete control, although civilian and military authorities do everything possible.

Asked as to whether this problem could lead to a crisis at a time when the URNG [National Guatemalan Revolutionary Unity] is disarmed and disbanded, she has said the Army could not predict whether this situation would occur. She has recalled, however, that El Salvador experienced a great deal of problems once peace was signed due to the large number of arms that had remained in the country.

She has said these problems are not expected to appear in Guatemala, because a large number of arms have been seized in Puebla, Mexico, Nicaragua, and Guatemala

City. We know, however, that they possess a considerable number of arms and that they even sell arms illegally to the people to make a profit. As to whether these arms will end up directly in the hands of common criminals, she said the rebels have many of them and do with them whatever they pleas. She again recalled the Salvadoran case, where this did indeed occur.

Vargas has said the Army, once peace is signed, expects more moves of common sense from the rebels regarding arms, thus showing their willingness to live in peace by taking those arms out of the Guatemalan market.

She has said the government's Peace Commission, where the Army is represented, deals with aspects related to arms control, an issue which, in addition to a military advisory role, will surely be included on an agenda.

Roundup of Economic Developments

PA0806005394

[Editorial Report] The following is a compilation of reports on Guatemalan economic developments monitored through 7 June.

The Guatemalan Congress has refrained from approving the renegotiation of the country's debt with the Paris Club. This decision places the country in a precarious position and could even close the doors to future international loans. Guatemalan Christian Democracy and Solidarity Action Movement deputies blocked a proposal in favor of the renegotiation. (Guatemala City PRENSA LIBRE in Spanish 1 Jun 94 p 79)

The Central Bank of Guatemala has reported that between January and May 1994 the country's foreign exchange income rose by 18.7 percent. The country's foreign trade contributed greatly to this increase. Sales of traditional products increased 26.5 percent, despite declines in cotton and banana sales. Meanwhile, sales of nontraditional products increased 14.4 percent. (Mexico City NOTIMEX in Spanish 0256 GMT 7 Jun 94)

Finance Minister Ana Ordonez has reported that during the first trimester of the year, Guatemala's fiscal deficit increased by some $52.2 million. The minister said the fact that taxpayers failed to pay taxes on time contributed to the shortfall. (Panama City ACAN in Spanish 1841 GMT 3 Jun 94)

Taiwanese Prime Minister Ends Visit

PA0806005194 Guatemala City LA REPUBLICA in Spanish 5 Jun 94 p 4

[Text] Guatemalan Vice President Arturo Herbruger Asturias will say goodbye to Taiwanese Prime Minister Lien Chan, who is on a four-day official visit to this country, at the Guatemalan Air Force Headquarters this morning.

During his stay, Prime Minister Chan held a number of meetings with the presidents of the three government branches and was bestowed a number of medals, including the Order of Quetzal.

Diplomatic sources have said the prime minister's visit strengthened the ties of cooperation and friendship between the two countries.

Before his departure today, Chan offered to support President Ramiro de Leon's efforts to rebuild the country with investments as soon as a final peace agreement is signed with the guerrillas.

The official believes Guatemala will enter a stage of reconstruction by ending the armed conflict, which began in 1960, and become a country that will attract Oriental investors.

Lien Chan also expressed his "respect for the good thoughts" the Guatemalan president has to rebuild the country before and after the signing of the peace agreement, which is scheduled for December 1994.

According to the offer, Taiwan will join the countries that will support projects of reconstruction and development, which will allow the consolidation of peace. Meanwhile, Lien Chan is carrying President de Leon's promise to support Taiwan's effort to be admitted as an OAS observer.

Honduras

President Reina Holds News Conference

PA0706180494 Tegucigalpa Voz de Honduras Network in Spanish 1542 GMT 6 Jun 94

[News conference by President Carlos Roberto Reina with an unidentified moderator and unidentified reporters at a hotel in Tegucigalpa on 6 June—recorded]

[Text] [Reina] International organizations have finally and firmly acknowledged this government's social commitment. There have been very auspicious indications, and the government is committed to honoring its campaign promises. We find this very auspicious, because it is something the whole world is witnessing as a reaffirmation of the social role of the administration over which I am honored to preside. If you have any questions, I am more than willing to answer.

[Reporter] [Words indistinct] in the short run, how can we end such a situation in our country?

[Reina] I reiterate, we are undertaking enormous efforts, not only through international organizations but also through the National Social Welfare Board, as well as through other agencies involved in issues of child care. Numerous nongovernment organizations, the prestigious NGO's, are encouraged to cooperate in this endeavor. The number of children involved is quite significant, but I hope that by the end of my administration, we will have been able to demonstrate the social progress accomplished in this issue.

[Reporter] Guillermo Molina Chocano, Secplan [Secretariat of Planning, Coordination, and Budget] minister, said a few minutes ago that the letter of intent will be signed shortly and that the elimination of subsidies to the transportation system is practically inevitable; likewise, he mentioned the situation of the groups involved in the distribution of crude oil. In this case, he was referring to fuel rationing.

[Reina] I would like all of you to be aware of the enormous problems we are confronting. It is up to me to confront poverty, corruption, and the crisis, in addition to tremendous misunderstandings such as certain statements I heard this morning. If one does not have support from the media and the people, everything becomes more difficult. I am not about to waver in this struggle, but I need allies, and I hope I can rely on all good-hearted Hondurans.

The letter of intent will be signed, and the details will be disclosed in due time. If we break with the international organizations, we would be greatly harming Honduras. You have just mentioned a classic example.

If we allow distributors to fix fuel prices, prices will increase almost every day. If we stop them here and now, they will deprive the market of fuel. What do we do then? We would have no fuel, and we would continue to receive criticism from both sides. What has to be done is what is more convenient to the country, and that is exactly what we are doing; we are doing this with the individuals we believe are the most capable. On several occasions I have said I have chosen the most capable Hondurans as my advisers; after all, the art of governing is also knowing when to surround oneself with competent advisers.

[Reporter] But, Mr. President, when are we going to witness those concrete decisions? The country is going through a tremendous chaos. We have an energy crisis and a crude oil crisis; in addition, the price of the family basket is constantly rising. When is your administration going to take concrete decisions? During your last presidential address you announced you would earmark 100 million lempiras for BANASUPRO [National Supply Agency for Basic Products], which has not yet come through. Then we have the issue of the closed fishing season, and the forests, and [words indistinct].

[Reina] The first concrete answer is the moral revolution. Every government official is under supervision. Is this or is this not the main answer? All government officials are under investigation. Why was this not done before? Because conditions were not given. What the people want to know are the measures; nonetheless, I can give you a very precise answer. We are going to create a consensus for these measures to be accepted by all. If we do it before the consensus is ensured, the undermined parties will turn on us. To govern is a very serious and difficult affair.

[Reporter] But decisions must be taken in light of the numerous conflict of interests....

[Reina, interrupting] Honduras has progressed more during the first 100 days of my administration than during anytime in its history.

I think this is what must be emphasized, not negative things. You are right, I have a program with specific measures, and I am examining it to gain the support of all the sectors. This week I will hold some meetings. This past weekend I also held meetings to present the specific measures. You shall see that the affected persons will react. You have seen the reactions we get every time we have said that the National Enterprise for Electric Power [ENEE] will raise the fees of clients who spend more than 300 kilowatts! The same is true for oil distributors. The people think that it is just a matter of making decisions.

First one must have the moral authority and be a legitimate government. When you say this is chaos, do you really believe this is chaos?

[Reporter] [words indistinct]

[Reina] This is a difficult crisis, but this government is legitimate and prestigious. Do you think Vice President Gore's visit to Honduras just happened? Do you think it is just a coincidence that the president of Honduras will be one of the important figures to attend the Cartagena de Indias Summit and the Miami summit? This is not chaos! This is a crisis, a crisis we inherited. This country has been looted on many occasions. My task is to rehabilitate the country and to turn it over in much better condition. We do not have to use terms that create much alarm; we must use appropriate terminology. When are we going to have specific measures? We are discussing them with the country's various sectors to gain general acceptance. Following the moral revolution, I proposed a convergence. We are planning to produce that convergence in four months. I am sure that the important sectors will accept it and support it.

[Reporter] Some business sectors are already visibly desperate. [Honduran Chamber of Commerce President] Eduardo Facusse said in El Salvador, where he recently participated in a meeting of presidents of chambers of commerce, that the Honduran Government not only does not get started, it is also undecided. I interpreted this reference to a crisis as a reference to your leadership of the country. How do you respond to this?

[Reina] It is absurd to put in doubt the people's mandate. No one is above the people, and the people gave me a mandate. Any questioning of this mandate means betraying the people. It is like saying: I am above that mandate. What happens is that some people use inappropriate terms, and this is what makes the news. The deputies issued a letter containing three inappropriate words, and those words were the news. Mr. Facusse has spoken in favor of the government on many occasions, but he makes the news the moment he utters this statement, which in my opinion was unwise, about the country not having a guide, about hesitation. How does he know this? He represents some interests, and the interests of that sector do not represent the interests of

the entire country. He would like for me to have accepted the 10 percent-on-sales proposal from the very beginning. I am not going to do it.

[Reporter] Are you upset over of what he said?

[Reina] No, no, no. I do not want to get involved in any argument with individuals who are my friends. I am simply explaining in general terms how inadequate it is to use certain terms.

Today a man who I believe is in Congress, said things in favor of seizing the government, as if this would resolve everything. This is simple-minded, a vulgarity. I am not going to continue using terms to describe this person.

[Reporter] Who are you talking about, Mr. President?

[Reina] About any person who uses terms that go against a legitimate government, against a president who deserves the respect of the Honduran people, a president who has national and international moral authority. When anyone makes a caustic remark against him, this is news, this is the source of commentaries and of questions. I think this shows a lack of maturity.

[Reporter] Mr. President, you spoke about the country having been plundered. The people want to know who did the plundering, now that you have used this term. They want to see the looters in prison. Another question: The teachers want a 100-percent salary increase. This could become a trend and other labor unions could make similar demands.

[Reina] Three things: The people know the names of the persons who have plundered this country. Right now there are legal structures for announcing those names soon. I assure you that soon a dozen names will be made known to you. Documents are being investigated. There is no reason to rush things and become impatient.

About teachers wanting a 100-percent salary increase, I think they could be somewhat correct in doing so. The problem is: From where are we going to get 800 million lempiras to give them this increase? The matter is being negotiated sensibly, quietly, and very capably. The negotiators are seeking equity to give teachers a reasonable increase within the government's possibilities.

Regarding the last part of your question, we are about to announce a salary increase that I think is fair, and not only the minimum salary will be increased.

This is part of the national consensus. Everything is on the path toward improving this country. Everything is on the path that indicates the respect Honduras has acquired in the international community will be advantageous to our people. I will never fail my people.

[Reporter] Good morning. As for the current energy crisis, it is said your government has been negligent to a certain extent, especially in light of the Canadian atomic plant and the Chinese plant.

[Reina] There are two separate issues here: Canada and the atomic plant. Do you know what it would mean to build a nuclear plant in Honduras? Those who have criticized me have no idea of what they are saying. What would we do with the toxic waste? Would we send it to the poor people of Honduras, as was the case when industrialized nations wanted to send us toxic waste? They wanted to send us toxic waste to finish poisoning us. Where are the technicians to build this atomic plant? My name always appears in the newspapers linked to all kinds of ridiculous things.

[Reporter] What about the Chinese plant?

[Reina] As for the Chinese plant, bringing one from China would cost a fortune and would take too long.

[Reporter] And Mexico?

[Reina] A plant is already coming from Mexico, and I have already thanked the Mexican president. Two plants are coming. We are wisely and carefully facing these problems. The impatience... [pauses] these hesitations are not hesitations. I have no doubts whatsoever that I am doing the right thing. Should I have any doubts, I would hesitate.

[Reporter] Is it possible to negotiate with China to have China finance the shipment of the plant, because the Chinese are willing to donate it to us?

[Reina] I believe it is negotiable. However, our country must find its own solutions. There are many countries that are willing to assist us, and capable people are reviewing this assistance. I am about to review the membership of certain commissions to guarantee their efficiency.

[Reporter] [words indistinct] was already covered?

[Reina] This is a question that I [words indistinct] part of the measures we are going to take. We cannot continue to appraise the value of the dollar. We can no longer accept high levels of inflation, which must be controlled, because this is the worst tax levied on the poor people of Honduras. These are the measures I will announce at an important news conference I will hold in the near future.

[Reporter] How soon?

[Reina] Be patient.

[Reporter] That is very kind of you, Mr. President.

[Reina] [words indistinct]

[Moderator] This concludes President Reina's news conference.

[Reporter] Could you ask President Reina what he thinks about the statements by Byron Suazo, La Paz Department Liberal deputy, who has charged Jorge Arturo Reina is doing nothing for this government? Suazo maintains that Jorge Reina only goes to the National Congress to collect his paycheck, and he also

questions the moral revolution, which he has called the mortal revolution. Suazo says only friends and relatives of the Reina family are reaping benefits. He also has claimed that the country is on its way to anarchy, because the current administration is only helping its friends and relatives.

[Reina] I give you my word that these charges are false, but I do enjoy Suazo's comments.

[Reporter] The media today reported that your environment minister has personally benefited by placing the Environment Ministry in a building he owns.

[Reina] This happened in the previous administration. He requested my permission to remain there—in a building that meets all requirements. I gave him my permission.

[Reporter] How do you view Suazo's remarks on the moral revolution?

[Reina] He belongs to another party. There can be no complicity, because the contract for the building is valid.

[Moderator] [words indistinct] The president has said he will answer no more questions.

Roundup of Economic Developments

PA0806004294

[Editorial Report] The following is a compilation of reports on Honduran economic developments monitored through 7 June.

Finance Minister Juan Ferrera has announced that to fulfill the international financial organizations' requirement to reduce the fiscal deficit from 11 percent to 5 percent, the government still needs to make an adjustment of some 1.5 billion lempiras. Meanwhile, Minister Ferrera explained that the Honduran Government will not eliminate subsidies on transportation or on the price of kerosene. (Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 31 May 94 p 11)

The government collected 1 billion lempiras in taxes in the first five months of the year, according to Deputy Finance Minister Ramiro Lozano Landa. He added that tax revenues were 300 million lempiras higher than in the same period in 1993. Nevertheless, Lozano Landa pointed out that the increased revenues still need to be accompanied by a 10 percent reduction in government spending, as recently noted by Hugo Neo Pino, president of the Central Bank of Honduras (BCH). (San Pedro Sula TIEMPO in Spanish 1 Jun 94 p 6)

According to a report issued by the Economic Studies Department of the BCH, inflation reached 12.7 percent in the first five months of the year. The BCH report added that, if the growth rate continues at its current pace, the government will not be able to meet its goal of an 18-percent rate of inflation by the end of 1994. (Tegucigalpa LA TRIBUNA in Spanish 3 Jun 94 p 13)

Nicaragua

Ex-Sandinist Soldiers Occupy Venezuelan Embassy

PA0706224194 Hamburg DPA in Spanish 2155 GMT 7 Jun 94

[Text] Managua, 7 Jun (DPA)—Approximately 30 former Sandinist soldiers occupied the Venezuelan Embassy in Managua this afternoon (local time), allegedly as a pressure tactic for social and economic benefits from the administration of Violeta Chamorro.

Initial reports indicate the occupiers, former Government Ministry employees, were unarmed when they entered the embassy, which is located approximately 10 km south of Managua in the luxurious sector of Sierras de Santo Domingo.

Nicaraguan Foreign Ministry spokesmen say they have not received official information regarding the occupation, and Venezuelan Ambassador Juan Jose Monsant has not disclosed the demands of the former soldiers.

Dozens of policemen have been deployed to the area surrounding the Venezuelan Embassy.

Former Soldiers Take Over Cathedral

PA0806005294 Hamburg DPA in Spanish 2144 GMT 7 Jun 94

[Text] Managua, 7 Jun (DPA)— An undetermined number of former soldiers, who were once assigned to the Government Ministry, decided to take over the Managua Cathedral this afternoon (local) after approximately 40 former servicemen had decided to peacefully occupy the Venezuelan Embassy to demand social and economic assistance.

The double occupation by the former servicemen and former Nicaraguan resistance members, aimed at demanding the distribution of land for the building of homes and other assistance, prompted the police to assume positions near the scene of the events.

The police arrested nearly 10 people who participated in the brief occupation of the Managua Cathedral.

The police are searching the area near the cathedral, which is located near Managua's heavily used eastern highway. Deputy Commander Pedro Aguilar, head of the Public Security Police, told reporters the deployment of troops had been carried out in order to guarantee "security."

Other police officers stated they were awaiting orders and had not breached the embassy grounds where the retired former servicemen are.

At least six Venezuelan diplomats are reportedly still inside the diplomatic mission.

It is possible Ambassador Juan Jose Monsant could be negotiating, given he is aware of the demands being

made by the former servicemen, who claim they belong to the Movement for a Just and Honorable Compensation [Movimiento Pro Indemnizacion Digna y Justa]. This group contends that for the past years it has been demanding retirement benefits from the Chamorro government.

Embassy Occupiers Said Unarmed

PA0806013194 Panama City ACAN in Spanish 2340 GMT 7 Jun 94

[Text] Managua, 7 Jun (ACAN-EFE)—The Nicaraguan Government has announced that the 23 former Sandinist soldiers who occupied the Venezuelan Embassy in Managua today are unarmed and that there have been no violent incidents thus far.

Managua radio stations announced the former soldiers, who worked at the Nicaraguan Government Ministry, occupied the embassy to protest the Chamorro administration's failure to fulfill the agreements signed for their rejoining civilian life.

Meanwhile, the Nicaraguan Foreign Ministry has disclosed the occupiers are "a small group of demobilized soldiers who are dissatisfied with the facilities offered to them" by the Chamorro administration.

The former soldiers have taken as hostages Venezuelan Ambassador Juan Jose Monsant, four other diplomats, three Nicaraguan secretaries, and the custodial staff.

According to the Nicaraguan Foreign Ministry, Ambassador Monsant has already spoken via telephone with Edmundo Castillo, general secretary of the Nicaraguan Foreign Ministry, whom he informed there is an atmosphere of calm despite the occupation.

Meanwhile, a Nicaraguan Government Ministry spokesman told ACAN- EFE the authorities of this security and public order institution "are studying the situation."

"We do not have any official information thus far regarding the occupiers' requests" the source added.

Meanwhile, a contingent of riot police have cordoned off the area surrounding the embassy, which has been occupied since 1430 local (2030 GMT) today.

Another group of former Sandinist soldiers occupied Managua Cathedral shortly after the action at the Venezuelan Embassy was confirmed. A police detachment was deployed to the embassy, and no incidents have been reported.

[Paris AFP in Spanish at 2329 GMT on 7 June reports the Venezuelan Foreign Ministry has contacted Ambassador Monsant. According to a ministry spokesman, "Monsant, who is being held hostage with First Secretary Guider Salazar and approximately five administrative staff members, is safe, because the former soldiers are unarmed." The spokesman adds all of the hostages are safe. According to the report, the occupiers are dressed in civilian clothes and are wearing masks, as are the 30 individuals who occupied the cathedral.)

Government Rejects Demands

PA0806043194 Mexico City NOTIMEX in Spanish 0352 GMT 8 Jun 94

[Text] Managua, 7 Jun (NOTIMEX)—The Nicaraguan Government today rejected demands made by two groups of former soldiers who peacefully and simultaneously occupied the Managua Cathedral and the Venezuelan Embassy in the same city.

According to Deputy Government Minister Frank Cesar, the two groups of former soldiers—members of the Movement for Fair Compensation—"are demanding compensation that is not due them."

The occupiers of both sites—approximately 22 people at the Cathedral and a similar number at the embassy—were Government Ministry employees.

"These are people who had asked for compensation, but were only entitled to severance pay" when they left active service, Cesar stressed. Cesar noted that during past Cathedral occupations—in October 1993 and February 1994—an agreement was reached with 705 former members of this same group, under which they were to receive severance pay in accordance with the law, but, he added, only 587 former soldiers had received payment so far.

The deputy minister also said that appropriate measures will be taken if the occupants, whose leaders were negotiating this evening with human rights organizations and Venezuelan Ambassador Juan Jose Monsant, maintain their current position.

"We will act in accordance with the country's laws, because the situation is deplorable," [words indistinct] added that the embassy would have to give permission if the building were to be evacuated by force.

Cesar reported that there are four diplomatic officials being held along with the ambassador, following the voluntary release of two members of the embassy staff. At the Cathedral an undetermined number of nuns are being held.

The official did not deny the possibility that "people trying to create an atmosphere of instability" were behind these incidents. Based on this he asked the occupants to reconsider their actions and surrender.

Monsant, meanwhile, told the media this afternoon that he hoped the situation could be resolved within a few hours.

Roundup of Economic Developments

PA0806004094

[Editorial Report] The following is a compilation of reports on Nicaraguan economic developments monitored through 7 June.

The value of the country's exports in the first half of the year grew 8 percent when compared to export revenues obtained during the same period last year, according to Nicaraguan economic authorities. (Paris AFP in Spanish 0001 GMT 3 Jun 94)

The Nicaraguan Central Bank (BCN) has announced that in line with the BCN's policy of monthly 1 percent devaluations, the corboba has lost 5 percent of its value in relation to the U.S. dollar over the past five months. The official exchange rate is now 6.65 cordobas to the dollar, and, if the rate of devaluation continues unchanged, the exchange rate will be 7.12 cordobas to the dollar by the end of the year. Up until April, the overall rate of inflation was 2.41 percent. The authorities forecast the inflation rate will increase to 10 percent by the end of the year. (Paris AFP in Spanish 1903 GMT 1 Jun 94)

The BCN has announced that in the first five months of 1994, the overall rate of inflation was at 3.38 percent. (Panama City ACAN in Spanish 2156 GMT 6 Jun 94)

The BCN Board of Directors decided on 3 June to lower the discount rate from 11.75 percent to 11.10 percent, BCN President Taboada told BARRICADA. He added that this reduction will lower by 1 percent those loans used to finance most of the nation's production activities. (Managua BARRICADA in Spanish 3 Jun 94 pp 1, 5)

BCN President Jose Evenor Taboada has announced that coins for five, 10, 25, and 50 centavos will begin to circulate in the country on Friday, 3 June. He noted that the coins, which are worth a total of $10 million, were minted in Mexico. (Managua Radio Nicaragua Network in Spanish 1200 GMT 3 Jun 94)

Over the past four years, the World Food Program has donated $10 million to domestic food programs, such as the School Food Program, the Autonomous Atlantic Region Socioeconomic Rehabilitation Program, and the Milk Development Program. (Managua EL NUEVO DIARIO 4 Jun 94 p 6)

Financial Aid Accord Signed With Germany

PA0806010794 Managua EL NUEVO DIARIO in Spanish 5 Jun 94 p 5

[Text] Nicaragua will receive more than $10 million from the German Government as part of two important agreements signed on 3 June at the Foreign Cooperation Ministry.

The two agreements, signed by Nicaraguan Foreign Cooperation Minister Erwin Kruger Maltez and German Ambassador to Nicaragua Helmut Schieps, establish that $1.2 million will be in donations and $9.1 million in loans.

The first agreement, dubbed the "Fund for Research and Specialists II," is for $1.2 million consisting of funding for reports and secondary research, as well as for assessment in preparing documentation for projects involving German cooperation.

The second agreement, dubbed the "Emergency Fund for Social Investments II," is aimed at offsetting the negative effects of the Enhanced Structural Adjustment Facility, ESAF, by taking special steps to modify the social infrastructure. This agreement will generate a large amount of manual labor and proffers to comply with the criteria of the creation of jobs and alleviation of poverty.

Carlos Noguera, of the Emergency Fund for Social Investments (FISE), was present at the signing of the agreements and said these funds would triple the number of projects throughout the country.

Panama

Perez Balladares Cites Need for Sacrifice

PA0706220094 Panama City ACAN in Spanish 2221 GMT 6 Jun 94

[By Carlos Camarena Medina]

[Text] Panama City, 6 Jun (ACAN-EFE)—Panamanian President-elect Ernesto Perez Balladares said today "certain sacrifices" will be necessary to modernize the economy, and he said joining GATT is "unpostponable."

During a meeting with the Association of Panamanian Industrialists, one of the country's leading organizations, Perez Balladares maintained that opening and modernizing the economy must occur without "jolt" or "shock" measures, which could have "unpredictable" social ramifications.

"We are not planning to use disguised subsidies or indefinite protective tariffs to motivate the private sector; much less will we advocate excessive interference in its business activities," he said.

He pledged to review those laws that discourage foreign investment, including the Labor Code, and those that regulate protection of the industrial sector, "because no legal instrument is engraved in stone, not even the Constitution."

Perez Balladares said the opening of the market will not be "synonymous with a lack of protection and will not constitute a letter of marque for unfair competition." The opening of the market should not be confused "with ambiguous rules of the game or a tolerance of smuggling."

Perez Balladares added businessmen will have to assume a large part of responsibility for the future of the country's economy, but they will also reap the most benefits due to the broad markets they will find.

He added that in light of the prevailing globalization and rapid economic changes, the industrial sector will have

to make adjustments in order "to be up with the times and able to compete in the international market."

Perez Balladares said the private sector will be responsible for generating jobs while the government will have to provide the country with adequate infrastructures that will enable the normal development of industries.

Perez Balladares said if the costs that depend on government legislation are not more arduous than those of other countries, "there is no reason for the country not to be able to compete in the international market in a relatively short time."

As for Panama joining GATT, Perez Balladares said that his administration "will not allow any unnecessary delay or whimsical haste" and that negotiations will continue to integrate the interests of all productive sectors.

He conceded that, although the final decisions will not satisfy everyone, "those who disagree will be in the minority." Regardless, all sectors will be consulted so as to minimize any adverse effects resulting "from this significant and unpostponable move Panama must make."

Perez Balladares believes the "primitive and parochial" idea of paternalizing government works must be abandoned, and he urged private sector involvement in the construction of highways and the improvement, widening, and management of ports.

The economic crisis the country is facing, he explained, goes hand in hand with the education crisis. There is no point in creating jobs if there are no qualified workers; conversely, it would be discouraging to have skilled workers if no jobs are available.

In this regard, Perez Balladares urged private sector involvement in the process of educational reform and the training of labor, which will benefit industries in the future.

According to Perez Balladares, the political integration advocated by Simon Bolivar "is a utopia," but economic integration in small or large blocs "is indispensable for development."

Redefining Panamanian delegations abroad to promote the country's potential and publicize its advantages in close cooperation with local businessmen is among his government's priorities in attracting new foreign investment.

He said security is vital for attracting foreign investment; consequently, "as a priority" he will professionalize the police force, "but without the jolt of having military control in public matters."

Endara Issues Pardons for Political Crimes

PA0806001294 Panama City Circuito RPC Television in Spanish 2300 GMT 6 Jun 94

[From the "RPC Television News" newscast]

[Text] President Guillermo Endara Galimany today, utilizing his constitutional powers, pardoned a number of individuals accused of allegedly committing political crimes.

Among those pardoned are former President Eric Arturo Delvalle and the 510 corregimiento representatives who appointed Francisco Rodriguez as president for the presidential term that started on 1 September 1989. Also included in this pardon granted to those who committed only political crimes are Benjamin Colamarco Patino; Arturo Diez; Rafael Arosemena; Orville K. Goodin; Olmedo David Miranda; Nander Pitty Velasquez; Jorge Eduardo Ritter; Marta Amado Trevia; Manuel Solis Palma; Francisco Sanchez Cardenas; Julio Shaik; and Jaime Simmons.

Meanwhile, Tomas Gabriel Altamirano Duque, who allegedly slandered and offended Omayra Correa by publishing three political cartoons in LA ESTRELLA DE PANAMA in August and September 1989, was also granted a pardon. Others who were granted presidential pardons include journalists Escolastico Calvo and Guillermo Keevers.

These pardons fail to absolve these people from being prosecuted for committing common crimes, however.

Roundup of Economic Developments

PA0806004194

[Editorial Report] The following is a compilation of reports on Panamanian economic developments monitored through 7 June.

Eduardo Linares, deputy minister of planning and economic policy, has reported that international financial institutes (IFI's) could "withhold approximately $300 million in credits if the government fails to comply with various stringent conditions imposed by these organizations." He added, "There would be a $1.9 million deficit in 1994 budget if this money is withheld." The government is expected to make several modifications to the national budget to prevent the IFI's decision from negatively affecting the budget. Planning Minister Delia Cardenas, Finance Minister Victor Juliao, and Comptroller General Jose Chen Barria are scheduled to meet on 6 June to discuss the issue. (Panama City LA PRENSA in Spanish 1 Jun 94 p 1A)

A report issued by the Economic Commission for Latin America shows that the Central American region registered an economic growth rate of more than 4 percent in 1993, "which has generated a moderate increase in the domestic GNP of each nation of the region for the second year in a row." The report adds that Central America "advanced in

its goal of controlling inflation, which in Costa Rica decreased from 17 percent to 9 percent, and in Guatemala from 14 percent to 12 percent. In Honduras and Nicaragua, however, inflation increased to 15 percent and 25 percent, respectively." Although Panama has not formally joined the Central American region, its GNP increased 5.9 percent while unemployment declined to 13.9 percent in 1993. (Panama City EL PANAMA AMERICA in Spanish 1 Jun 94 p 4B)

According to a press release issued by the Israeli Embassy in Panama: "Israeli exports enjoyed a successful year in 1993. Israel's international sales increased 11 percent, while in Latin America, they rose 22 percent." Meanwhile, the increase in Israeli exports to Panama was even higher, growing some 52 percent in just one year. (Panama City EL PANAMA AMERICA in Spanish 1 Jun 94 p 4B)

Argentina

Court Authorizes Police To Raid, Close Clandestine Radio Stations

PY0706145194 Buenos Aires CLARIN in Spanish 5 Jun 94 p 39

[Text] Bahia Blanca Federal Judge Alcindo Alvarez Canale confirmed that the Federal Police and other security organizations can—with a court order—break into clandestine radio stations.

The case originated in a previous decision ordering a raid on and seizure of the transmitters of the General San Martin FM radio station, which was operating illegally.

The station owner filed a petition to annul the decision saying that the station's activity could not be classified as a crime or even an "administrative violation," and questioning the Federal Police's authority to seize the transmitters.

Judge Alvarez Canale said the seizure "is perfectly admissible in our legislation and does not violate any constitutional guarantees." The judge also said that Decree No. 332/89 authorizes not only the Federal Police but also all security organizations, if they have a federal court order, to close stations, lower antennas, or seize the equipment used by clandestine stations.

The National Telecommunications Commission (CNT) with Federal Police support closed five clandestine FM radio stations in Chubut, four in Trelew, and one in Madryn.

So far the Federal Committee for Broadcasting (Confer) has closed and seized the transmitting equipment of more than 800 radio and television stations throughout the country.

Union Leader Leads Jujuy March Protesting Salary Increase

PY0806013594 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1533 GMT 7 Jun 94

[Excerpt] Jujuy, 7 Jun (NA)—Carlos "Perro" ["Dog"] Santillan (SEOM) [Trade Union of Municipal Employees and Workers], leader of the Front of State Workers Unions [Frente de Gremios Estatales], headed a march in San Salvador de Jujuy today to protest a decree establishing a 150 percent salary increase for government officials.

The combative trade union leader described the provincial government's decision as "a slap in the face of the people of Jujuy" because workers' wages are way below those earned by government officials.

The mobilization, involving about 2,000 people, began at about 1130 after representatives from various trade union organizations held meetings at their respective headquarters and then marched without incident to Belgrano Square in downtown San Salvador de Jujuy.

The SEOM unionist was joined by former Zapla Blast Furnace workers, retirees, Cederm (Secondary Education Center) members, ADEP (Association of Provincial Teachers) members, and APUAP (Association of Public Administration University Professionals) members, among others.

Santillan noted that the salary increase for government officials "is unconstitutional" because according to the provincial constitution "the ministers' salaries must be established by law."

Santillan added: "We, the trade unions, therefore went to Belgrano Square. We want the decree to be abolished, or an authorization for an equal increase for state workers."

The trade union leader stressed that "there was an excessive increase—even for municipal officials—that reached about 200 percent." He asked for "a little respect and justice for the workers."

Santillan indicated that it is contradictory for these gentlemen to approve such an increase in Jujuy, "where there is malnutrition and infant mortality, school desertion, and the worst crisis in history." [passage omitted]

Foreign Trade Commission Created for Trade Issues

PY0706135194 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2338 GMT 6 Jun 94

[Text] Buenos Aires, 6 Jun (NA)—Economy Minister Domingo Cavallo today emphasized that the trade balance deficit "is not worrisome," and he based his opinion on the fact that "the strength of investments and the increase in productivity that this causes must be taken into account."

The minister said the trade imbalance will create "pressure from many sectors for us to stop imports," but he made it clear that the government will not back down from its policy of opening up. "An increase in exports is the only way to overcome the deficit," the minister said. "In view of the pressure that will be applied we are going to act with great impartiality."

The minister made these remarks during a ceremony in which he installed Elias Baracat, the new director of the National Foreign Trade Commission. This new commission was created to study and follow the behavior of international markets.

Cavallo explained that within this framework, the commission will have to be prepared "to evaluate unfair competition or dumping [preceding word in English] that could appear in our trade and to adopt the necessary measures to make the GATT agreements prevail."

In this respect, he stated that the new commission must play "an important role," and he made it clear that "if it is necessary to apply any type of restrictions it will be to counterbalance subsidies or dumping [preceding word in

English], but always within the framework of the international agreements on trade issues signed by Argentina."

It has been reported that Baracat will work under Economy Vice Minister Carlos Sanchez through the Trade and Investment Secretariat.

"With this commission we have created a foreign trade organization that is in line with the countries that have been successful in this sector of the economy," Cavallo said.

Exporters Chamber President Views Decrease in Exports

PY0806023194 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2054 GMT 7 Jun 94

[Text] Buenos Aires, 7 Jun (NA)—Daniel Brunella, president of the Chamber of Exporters, today admitted his concern over the fact that during the first 4 months of the year exports grew by only 4 percent, and demanded "very urgent and concrete" measures to achieve a significant increase in sales abroad.

The businessman believes that an increase in imports cannot be avoided because they are caused by the overall growth of the economy, but he considers that it is necessary to adopt measures so that the government "can achieve the highly touted objective of increasing exports."

The trade deficit amounted to $2.404 billion during the first 4 months of the year, 378 percent greater than in the same period in 1993.

Brunella maintained that financing exports, and granting loans with an interest rate equal to that in competitor countries, are the problems that have to be resolved.

Finally, the businessman indicated that "the labor laws must be modified to create new job sources and achieve once and for all an efficient system of temporary admission."

Lockheed Considers Establishing Plant in Cordoba Province

PY0806035094 Madrid EFE in Spanish 1127 GMT 7 Jun 94

[Text] Cordoba (Argentina), 7 Jun (EFE)—It was reported today that the U.S. company Lockheed is studying the possibility of establishing a plant in the Argentine province of Cordoba to repair military aircraft.

Lockheed will this month sign a contract with officials in Buenos Aires to modernize the 36 "Skyhawk A-4M" aircraft that Argentina purchased from the United States for about $200 million.

According to the letter of intent that was signed, half of the aircraft will be reconditioned in the Military Aircraft Factory (FAMA) of Cordoba, 800 km northwest of Buenos Aires, under the supervision of U.S. technicians.

The rest of the aircraft will be reconditioned at Lockheed plants in the United States, so that half of the work will be completed by late 1995.

Cordoba Industry Minister Jose Porta said that the U.S. company intends to enter into a joint venture with FAMA, which belongs to the Argentine military-industrial complex, to repair other types of aircraft like the "Hercules C-130" transport aircraft.

Porta pointed out that the U.S. company's proposal includes the repair and maintenance of commercial aircraft.

Argentine authorities will give a response within the next few days.

Brazil

Issues Facing New U.S. Ambassador Reviewed

PY0706162194 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Jun 94 p A3

[Text] The new U.S. ambassador to Brazil will take over his post with a long list of pending items on his agenda. Strictly political matters have already been overcome, but many items remain in the commercial area that must be taken care of lest they deteriorate and acquire undesirable tones. Ambassador Melvyn Levitsky comes with the good disposition of cooperating to find solutions to pending commercial problems, and nothing indicates that he intends to take overly harsh positions. He should find the same open spirit in Brasilia.

However, two questions will demand the ambassador's and the Foreign Ministry's best efforts to permit the evolution of bilateral relations to continue unhindered. The first item involves the issue of telecommunications, a market the United States wants to see open to international bidding. The U.S. position could, in principle, be advantageous for Brazilian telecommunications service consumers due to the price reduction that more competition and the exposure to international markets would provoke internally. The problem is that telecommunications was established as a monopoly in the Constitution, and the removal of this obstacle was left for last and then made impossible by the failure of the constitutional revision process. As of last week, constitutional reforms will be possible only with a privileged quorum of three-fifths of all legislators' votes, and it will be useless to bring the issue back to the fore during this legislature. Only next year, after the new deputies and senators are installed, can Congress be sounded again on this necessary change for the country's modernization.

The second issue is more pressing. The Brazilian Government promised Washington to have Congress approve a bill on intellectual property rights by 15 June. The government and Foreign Ministry were unable to

push the issue in the Senate with the needed speed. Besides, the bill had to be adapted to new GATT rules and even if the Senate passes the bill in time, which seems unlikely, it can only become law after the Chamber of Deputies reexamines it.

The 15 June deadline will not be met. The U.S. Government then can, if it does not consider Brasilia's efforts to provide the country with legislation on property rights reasonable, apply sanctions on Brazilian foreign trade. This is something that must be prevented at all cost. Congress has its own problems, such as the mid-year recess and the electoral campaign. But a concentrated effort can be made, as of August, to vote on appropriate legislation quickly. And we should expect Ambassador Melvyn Levitsky to use all his influence to prevent Brazil and the United States from getting involved in some serious conflict.

Russians To Train Military in Using Missiles

PY0706164194 Sao Paulo GAZETA MERCANTIL in Portuguese 6 Jun 94 p 26

[Article by Maria Helena Tachinardi]

[Excerpts] The Brazilian Army is reequipping its units with Russian and U.S. materiel. On 30 May, the Army Ministry Materiel Department chief signed a contract with Russian Government representatives in Brasilia for the acquisition of "more than 100 ground-to-air" rockets to shoot down low-flying planes and helicopters. General Gilberto Serra, head of the Army Social Communications Center (Cecomsex), said: "The purchase of this sort of materiel had been contemplated in our plans." [passage omitted]

Gen. Serra added that the new equipment will be distributed among the different Army units. The Russians will train the military in using missiles here in Brazil. The general commented that the Brazilian defense policy is "dissuasive," but the country must be ready for possible attacks. This is the first time Brazil has bought materiel from Russia.

Colombian Cartels' Top Man in Brazil Escapes Again

PY0706142894 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 7 Jun 94

[Text] Antonio Mota Graca, aka Curica, who was responsible for the transportation of the 7 metric tons of cocaine seized in Tocantins State, is the most important man from the Colombian cartels in Brazil.

Although 13 drug traffickers have been arrested, Curica again escaped Federal Police.

In 1991, he was freed from inside a Military Police patrol car when he was leaving jail to testify before the court in Itapecirica da Serra, Sao Paulo State.

Last Drug Trafficker Involved in Cocaine Bust Arrested

PY0706203394 Rio de Janeiro TVE Television in Portuguese 1130 GMT 7 Jun 94

[Text] Early this morning the leader of the gang that was transporting 7.5 metric tons [as heard] of cocaine from Tocantins State to Santos, Sao Paulo State, was arrested. Colombian Vicentino Junior had spent two days hiding in the forest along the Tocantins River's banks.

Federal Police now are investigating the gang's links with international drug trafficking. The group is believed to be a Brazilian branch of the Cali cartel.

The eight Brazilians and three Colombians arrested during the operation will be transferred to Brasilia.

Lula's Presidential Program Threatens Debt Moratorium

PY0706205494 Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Jun 94 Section 1 p 7

[Article by Gustavo Patu]

[Text] An eventual government led by Luiz Inacio Lula da Silva will be unable to renegotiate the foreign debt agreement as stated in the program of the PT [Workers Party] candidate.

In the clauses signed by Brazil and its international creditors, the Brazilian Government is unable to break or modify the repayment contracts. The agreement was signed in April.

Under the terms of the agreement, guarantees cover 68 percent of the debt. This is equivalent to $23.8 billion of the $35 billion that was negotiated. In practice, this amount is already in the hands of creditors.

The guarantees are in the form of U.S. Treasury bonds that were deposited to the name of creditors at the BIS (the Bank of International Settlements, in Switzerland, which operates like a central bank of central banks around the world).

Eduardo Suplicy, the PT senator for Sao Paulo who is a party spokesmen for foreign debt affairs, has admitted that renegotiating the debt will require the approval of creditors.

Suplicy explained that the PT government will try to "persuade" international bankers. "We will show them a plan against misery, for which we will need a reduction in payments."

The party program states: "If creditors remain intransigent, the PT government will suspend interest payments" (a moratorium).

If this happens, creditors may take the guarantees at an earlier date. If interest is paid normally, the bonds will be withdrawn in 2024.

The debt agreement falls under New York law, which allows creditors to obtain compensation if Brazil fails to make payments.

The PT program has still another obstacle: The current foreign debt agreement was approved by the Senate, which will have to approve other agreements.

Brazil has tried to renegotiate its foreign debt since 1983. If complied with, the most recent agreement will normalize Brazilian international relations.

The foreign debt was the most controversial subject during the PT National Meeting on 30 April and 1 May, which designed the program of government.

Suplicy believes Brazil will be unable to achieve development under the terms of the agreement signed in April. He said the first action by Lula's government in connection with the debt will be to ask creditors to negotiate.

The total debt amounts to $135.4 billion. The $35 billion portion that was negotiated in April was reduced, the interest was also reduced, and the repayment term was extended. The $35 billion portion dropped to $32.5 billion.

This reduction was also caused by the fact that the Dart family, a U.S. family to whom Brazil owes $1.4 billion, did not join the agreement.

Chile

Commission Created To Discuss Free Trade Accord

PY0706213094 Santiago EL MERCURIO in Spanish 31 May 94 p B2

[Excerpts] Finance Minister Eduardo Aninat and Foreign Minister Carlos Figueroa have announced the creation of a team of advisers and foreign consultants to coordinate the internationalization of Chile, either through NAFTA or through the signing a free trade bilateral agreement with the United States (TLC).

A delegation of five specialists, headed by Ricardo Vicuna, will go to Washington tomorrow to begin the first technical analysis with experts from the U.S. Department of Commerce. For four or five days, they will discuss Chapter 11 of the NAFTA agreement regarding investments, the content of the agreements proposed by the United States, and the Chilean foreign investments system—particularly Decree Law 600. [passage omitted]

During yesterday's news conference, the ministers announced the names of the 21 permanent advisers and foreign consultants who will head the NAFTA negotiations. The following are the close advisers of Aninat who belong to the team: Andrea Butelmann, Jorge Kaufmann, Joaquin Vial, Maria E. Wagner, and Ricardo Vicuna, who heads the mission to Washington for technical consultations. Liselott Kana of the Foreign Investments Committee, Oscar Landerretche of the Economy Ministry, and Gloria Pena of the Central Bank are also members of the team.

The foreign advisers are: Vittorio Corbo, Andres Velasco, Ricardo Katz, Felipe Larrain, Antonia Silva, Blas Tomic, Esteban Tomic, Jaime Undurraga, Augusto Aninat, Juan Gabriel Valdes, Lia Venezian, Josefina Vial, and Maximiliano Cox.

As the various stages in the negotiations are reached, experts of the Foreign, Agriculture, and Labor Ministries and the secretary general of the Presidency will join the team. [passage omitted]

Minister Aninat admitted having made a mistake when he estimated that a draft agreement regarding NAFTA or a bilateral agreement would be ready by late March 1995: "I would say it was an erroneous estimate, a bit tight, but you must admit one thing: All sectors started discussing the meaning of NAFTA and we believe, in our capacity as government, that it was necessary for all sectors to open their eyes and start to learn about such an important issue."

Aninat refused to predict a date for a final agreement although he said he thought it would take less than the two and a half years it took Mexico, Canada, and the United States. [passage omitted]

President Eduardo Frei Interviewed

PY0806031894 Santiago EL MERCURIO in Spanish 29 May 94 pp D1, D18-D20

[Interview with President Eduardo Frei Ruiz-Tagle by correspondent Raquel Correa; place and date not given—passages between italics are editorial commentary]

[Text] *President Frei says he is "at easy and relaxed" despite his turbulent first two months in government. He was even accused of being "frivolous," something no one would have ever thought of him.*

[Frei] If I go out, people say I am "marketing." If I do not go out, they will say I am living in a capsule.

[Correa] Which of these two evils do you prefer?

[Frei] I prefer frivolity to isolation. *He smiles*

He looks very young in the solemn halls of La Moneda Palace, but he has the dignity proper of a head of state. The difference begins with his formal treatment of people. The Frei of "the new times" little resembles the old Frei. He stresses:

[Frei] I am the same person I have always been.

Some people criticize him because he goes to see his soccer team (The "U" Universidad de Chile) play, and he answers:

[Frei] What do they expect? I have gone to watch soccer matches all my life. Why would I stop now?

He was also criticized while being treated at a clinic, while he was president-elect, for coming to the window wearing pajamas with his wife.

[Frei] Had I been operated on four years ago, nobody would have cared. But I was president-elect and a lot of reporters started gathering in the street outside. I came out to greet them so they could see that I was alright, that I did not have cancer or anything else serious.

[Correa] And the controversial picture of a shoe-polisher at your feet?

[Frei] I have had my shoes polished in the streets my entire life. The only difference is that this time they took a picture. *Frei says with the logic of the civil engineer he is.* I do not prepare shows. The shoe-polisher event happened because it was a day of public audiences and there were photographers around.

He says nothing has really bothered him since he came to power. He sleeps seven or eight hours every night and half an hour after lunch in the bedroom beside his office. Then he walks out renewed.

[Correa] Did the Stange [Carabineros Chief Rodolfo Stange] affair disturb your sleep?

[Frei] Not at all.

The teachers' strike did not keep him awake either.

[Correa] Are you annoyed by criticism? What about the criticism from the opposition and from the coalition? Do you dismiss it or do you study it?

[Frei] It depends. If it is made in good faith, I receive it well. I do not like negative criticism. I do not even consider it. I think about criticism based on a valid point. I ponder and analyze myself a lot.

[Correa] Do you think your popularity has increased or decreased since you came to power?

[Frei] I do not know. All I know is that I have been warmly received everywhere I go.

[Correa] Are you getting used to being president?

[Frei] It is a lot of work *he replies with grace* but I enjoy working.

[Correa] Did you say working with former President Augusto Pinochet?

[Frei] No. *He understands the joke immediately and smiles.*

[Correa] What is the best thing about being president?

[Frei] First, I have the opportunity to do things, solve problems; second, I enjoy people's support. In a more personal area, I like to rest at the Vina del Mar presidential residence. Besides, the palace brings to my mind many memories. Memories of my father when he was president, when I was dating Martita.

[Correa] What do you resent the most?

[Frei] The lack of time for myself. I must work 12, 14, 16 hours.

[Correa] Are you paid well?

[Frei] It would embarrass me to show you my paycheck. If I tell you how much I make people will say I am "marketing."

[Correa] How much?

[Frei] Seven hundred forty eight thousand pesos, after deductions. Grade one level.

[Correa] You also receive expenses and representation allowances...

[Frei] Yes. Here all expenditures are considered expenses. We have a budget for the presidency and all expenditures are considered expenses. This should be changed and we should have a current account. This matter of expenses is absurd.

[Correa] Some people have compared your wife to Hillary Clinton. How do you think Martita Frei is doing as the first lady?

[Frei] She is a very dedicated worker, she is working hard with new ideas, new projects. I believe the people value her contribution at the institutions over which she presides?

[Correa] Have you felt the loneliness that comes with power?

[Frei] Very little. In my position one has to deal with sudden developments all the time. My intercom is always open and the ministers all call me at any time. In the beginning, one tends to get too involved in the details but soon enough one realizes that one must focus on the essence. I hardly have any time to be alone and sometimes one needs some quiet time alone to read, to think, to ponder, to rest.

[Correa] Would you say that this administration is still going through a break-in period?

[Frei] A very important goal was reached on 21 May. From the very beginning we set ourselves very specific objectives, among them poverty as our first priority. We now have a well coordinated inter-ministerial team.

[Correa] Was that the job of the Planning and Coordination Ministry?

[Frei] Poverty is a multisector issue. This week, we started the National Poverty Commission. We also assumed a firm position regarding ethical standards and honesty, so this commission is working very effectively.

[Correa] Do you believe commissions guarantee honesty?

[Frei] No... Honesty can be guaranteed through a set of proposals which the commission is preparing. These proposals call for legal and administrative changes. The commission will establish regulations on incompatible activities and disqualifying circumstances. The commission has representatives from all branches of government: the chairman of the Senate, the chairman of the Supreme Court, the comptroller general, the State Defense Council. This issue has received international support and we have been asked to bring it up at the Ibero-American Summit which will take place in Miami in December.

[Correa] So the break-in period is over?

[Frei] That is up to the people to judge. We have set our priorities and have done so considering historical circumstances. Our actions have been well received by the people.

[Correa] Members of the Coalition of Parties for Democracy [CPPD] have been complaining that your message to Congress, your so-called "navigation chart" was better received by the opposition than by your own supporters.

[Frei] This is a groundless complaint. The presidential message to Congress outlined at least 16 bills already being processed and some 50 other initiatives that will be launched over the next 18 months. I would say that the break-in period is over. But the period was necessary. In any human endeavor, one must get the team together, get the people involved, establish trust and loyalty.

[Correa] Is the CPPD loyal to you?

[Frei] It has to be. During my electoral campaign I talked a great deal about the lack of loyalty my father had to endure. Perhaps the enormous number of votes I received was due to my steadfast loyalty to President Aylwin's administration.

[Correa] Your father tried to carry out a "revolution in freedom;" while your predecessor Patricio Aylwin proposed a government for "national reconciliation." What is the slogan of your administration?

[Frei] I would like my administration to be remembered for its struggle against poverty and marginalization. On a broader scale, I would like to take advantage of this historic opportunity Chile has to further its development.

[Correa] Critics from within the administration and the opposition have been saying that your administration has no set course of action, nor leadership. They say it is obvious that you have no political experience. What is your answer?

[Frei] What is the point of defending myself? Let the people be the judges. We have established certain goals and deadlines for the 70 days prior to our message to Congress which contains a set of definitions.

[Correa] Do you think your government has wasted 70 days...?

[Frei] I do not think the country has lost 70 days. We could review each sector separately... For example, Codelco [Copper Corporation]. In what state was it when we came to government? What is its situation now?

We submitted a draft bill to Congress to modernize the most important Chilean enterprise, to make it more efficient. By eliminating the operations management in Santiago, Codelco has already changed radically. The mining district managers are now the top managers of the respective enterprises. In less than 70 days, we submitted to Congress a draft bill heading in the right direction.

This week *he continues* we closed a deal that will entail an investment of more than $1 million. In the public works sector, we have called for bids for two or three significant projects and other important ones will be called soon. We progressed in the fields of poverty, health, and regionalization. We will double regional investments. We have tackled the vital Arica and Magallanes problems because we do not avoid our problems... We have decidedly progressed in the privatization project.

[Correa] Are you talking about LAN [Chilean National Airline], and the electricity company...?

[Frei] Obviously. The problems affecting LAN, Northern Electricity Company, and State Maritime Enterprise have been solved. We will continue on this path.

[Copper] Everything except the privatization of Codelco?

[Frei] We believe Codelco's four most important mining districts should remain in the state's hands.

[Correa] What about Colbun-Machicura?

[Frei] We might privatize it. Enterprises that are not monopolies and which need great investments, which the state cannot afford, might be privatized. For example, in the health sector, Chile currently spends 4 or 5 percent of its GDP but, do you know how much we invest in the health sector? Eighty million dollars. Should I invest $40 million to get Empremar on its feet again? No. The private sector must do that.

But *he continues, drinking a glass of mineral water* no one should expect the government to solve in just 70 days problems that have existed for more than 70 years, like the coal mining sector. No one can expect us to solve the health and education problems in 70 days. We are identifying the great problems that need to be solved. It would have been very easy for us to say: In the education field let us submit a draft bill to Congress referring to subsidies and easy problems, without tackling the core of

the problem. We must tackle the core of the problem in the education field or we will remain an underdeveloped country. We must increase teaching hours.

[Correa] Will the reform of the Teachers Statutes include the elimination of the clause by which teachers cannot be replaced?

[Frei] We do not want to dismiss teachers. We want to expand the teaching hours, which means we need more teachers. But they must be redistributed. Changes are feasible through dialogue.

[Correa] The teachers maintain the government did not consult them before submitting the draft bill to Congress...

[Frei] They wanted a private dialogue first and this is what we did. We never interrupted the dialogue. But, definitely, no one can say that in these 70 past days, we have not tackled crucial problems.

[Correa] People believe you are distant regarding important problems. You never publicly stated your opinion regarding Stange, the teachers problem, the negotiations over the minimum salary...

[Frei] We work as a team and are constantly evaluating. The president makes the decisions and this is what I have been doing. If I had not been involved in the important issues, I would have not signed the draft bill regarding the Teacher's Statutes. I have been involved in the main decisions. As for publicly disclosing decisions, I am not the government spokesman. I am here to work and make decisions with a true national meaning.

What did I do on my first visit to Concepcion? I acknowledged the coal miners' problem. Do not tell me I have been aloof. We are negotiating, working on the subject and will make a series of proposals. The same goes for Arica. Obviously, economic issues are dealt with through permanent contact with the finance minister.

[Correa] You said you would assess the public servants 180 days after you came to power. Will you change any ministers?

[Frei] When I said that I referred to all public servants, so why should some ministers not be replaced?

[Correa] And will they be removed?

[Frei] I have been putting together an excellent team. I am very pleased with it, but it goes without saying that the post of minister entails the president of the Republic's trust. Ministers stay in their posts as long as they have the president's confidence.

[Correa] Your political team has come under fire on charges that it is not a real team, that it is not well-structured, that there are internal struggles. Do you believe it is a matter of time or is there a problem of incompatibility of temperaments?

[Frei] Whenever there is a new administration, there is obviously a period of adjustment. So far, we have been engaged in that. The important thing is that there is loyalty, coherence, and respect. We have had to confront difficult situations, but I am convinced the people will become aware of the political team's worth.

[Correa] Who is your "right-hand man"?

[Frei] Right-hand man? *he asks, somewhat surprised.*

[Correa] The interior minister, the minister secretary general of the Presidency, or the defense minister ...?

[Frei] It is said that I am closer to this one or that one ... I have been a friend of Defense Minister Edmundo Perez since I was seven ... When one is president, the relationship with one's aides goes beyond the realm of personal friendships. I get on well with all of them ... There is no "right-hand man," rather a working team ... Each ministry has its specific function. People are always willing to create differences ... In the beginning, it was said: "The president makes mistakes." It was then said: "It is not the president, it is his aides who make mistakes." I do not believe in those things. We are working as a team, which was reflected in the 21 May state of the nation address. Obviously one can make mistakes.

[Correa] And yet, what mistakes are you willing to acknowledge? The "Stange Case" for example?

[Frei] In that case, I made a decision, period. I assume my responsibility as chief of the team, as president of the Republic.

[Correa] Would you have acted the same way if Pinochet had been the affected party?

[Frei] I do not work on hypotheses.

[Correa] When Aylwin assumed office as president, he requested Pinochet's resignation, why did you not do the same? Are you pleased with having him as the commander in chief?

[Frei] I reiterate that this is not a personal issue. Power has an impersonal stamp. I swore allegiance to the Constitution and the law and I shall abide by them. We do not have the necessary quorum to change that situation and we have an excellent relationship with the commanders in chief. We are currently working on major definitions for the future that will benefit the country.

[Correa] And yet, would you rather Gen. Pinochet went?

[Frei] This is not a matter of indulging oneself to something one wants. I am here to command the nation.

[Correa] Why was the issue of human rights conspicuously absent from the state of the union address?

[Frei] I mentioned it twice during my speech.

[Correa] Do you believe, as Aylwin said at La Sorbonne University, that what happened concerning human rights under the military regime was the worst tragedy that this country had ever had to endure?

[Frei] Before becoming president, I said I would not comment on what others said. Least of all will I comment on what former President Aylwin said now that I am in the driver's seat. Everyone may voice his own personal views.

[Correa] And yet, from a personal standpoint, do you not believe this was Chile's worst tragedy ...?

[Frei] I was elected president to govern the country with my eyes set on the 21st century. My political and historical judgment on those events are public knowledge. I have voiced them on many occasions. The issue of human rights is not closed. Great strides were made under the previous administration. The courts are at present dealing with those lawsuits and we will endorse their judgment on those cases.

[Correa] Would you propose that the country forgets about it once and for all?

[Frei] We have never talked about closing the issue.

[Correa] Do you believe that only one person is responsible for Codelco's [Copper Corporation's] loss of $270 million?

[Frei] I believe no one can be solely responsible for anything in a company as large as Codelco. Right now, we are doing everything possible to make sure it does not happen again.

[Correa] What do you think about the constitutional charges against former Finance Minister Alejandro Foxley?

[Frei] I believe the charges against Foxley and against Hales [Alejandro Hales, mining minister under the Aylwin administration], are essentially political. It is not my place to pass judgment on the powers of other branches of government. I can say, however, that I know them both, and they are very honest and committed to public service.

[Correa] Is Foxley your candidate for president of the Christian Democratic Party [PDC]?

[Frei] I have no candidates.

[Correa] You have not, however, ceased to be an active PDC member. Are you going to vote?

[Frei] I have said that I was not prepared to comply with the responsibilities and duties of active members. It is not my place to do so. Most probably, I will not vote at all. I am interested only in the unity of the party. I would not *he smiles* do anything at all that could hurt the party. All I want is for the party electoral process to develop democratically, so that we can have a strong party loyal to the administration.

[Correa] How would you explain to a foreigner that the Chilean president is unable to dismiss the chief of police?

[Frei] This is how things are. In 1988, we accepted the fact that we would be returning to democracy within a legal framework in order to make whatever constitutional changes necessary once we took over. In any democratic country in the world, the president has the power to appoint or replace the chief of police. This issue has not been resolved yet. We did, however, swear to obey the Constitution and the laws.

[Correa] How can you explain to any human being the fact that you are not even trying to change these laws that you believe to be undemocratic?

[Frei] We do not have the majority in Congress to do so. To send a bill to this effect would be, at this stage, a formal gesture. Not even in the Chamber of Deputies do we have the majority necessary to make this constitutional amendment. At this stage we have decided to aim at two large reforms: modernizing Congress, and reorganizing municipalities nationwide.

[Correa] As president of the nation, what is your position on the inability to remove the commanders in chief of the Armed Forces services?

[Frei] I believe it to be essential for a democratic president to have the power to appoint and remove the commanders in chief of the Armed Forces services.

[Correa] Do you mean to say that if during your term in office you never obtain the required congressional majority in Congress, you will not send the bills to reform the Constitution to Congress?

[Frei] These issues will undergo substantial changes in 1997. I believe they should be debated calmly. As of that date, the commanders in chief will stay in office four years.

[Correa] What about the designated senators?

[Frei] This issue is part of the modernization of Congress. Let us discuss this issue now, not in 1997 when many people will want the president to appoint the senators he is entitled to by law. Is that what we want? It is neither proper nor democratic.

[Frei] If no amendment eliminating designated senators is passed, will you appoint the ones you are entitled to?

[Correa] If I am faced with this situation, yes, I will. I do not believe, however, that it would be the right thing to do.

[Correa] Does this mean, Mr. President, that you want to do away with the positions of designated senators before 1997?

[Frei] No. I want the positions eliminated in 1997. It will take time, however, to get the electoral reform approved. It is better to begin now and do things calmly.

[Correa] Under these circumstances, would you say that Chile is enjoying full democracy, or is it still in transition?

[Frei] We are obviously enjoying full democracy, even though there are some constitutional issues, like the ones I mentioned, that need to be resolved. Our main issue nowadays is something else: How can we improve the democratic system for the future?

[Correa] Would you contend that the president of the Republic is the highest authority in Chile when he cannot remove the Armed Forces commanders in chief?

[Frei] The Armed Forces are carrying out an absolutely professional task, which is respectful of the sovereign power that has been legitimately established. I have an excellent and very smooth relationship with the Armed Forces. For us, to put an end to the irremovability of the commanders in chief is a matter of principle, but given the present state of affairs the current situation is absolutely normal.

[Correa] What is your opinion of the fact that Army officers who are facing charges of human rights violations are still on active duty?

[Frei] Legal actions are bound to conclude, and one has to respect the courts' judgment. That is the role of the courts.

[Correa] And yet what is your opinion of the fact that officers who are being prosecuted are still on active duty?

[Frei] It is always difficult to prejudge if one does not have a thorough knowledge of the lawsuits. The important thing is that those legal actions take place, and that a sentence be passed, and that the people realize that there is an independent branch of government (the judiciary) and an administration that respects it.

[Correa] It has been said that you left the Stange issue in the hands of the defense minister, your fellow party member Edmundo Perez Yoma, because you do not trust Interior Minister German Correa because he is a Socialist, and this something the Armed Forces abhors.

[Frei] Look, when I decided to appoint German Correa I was perfectly aware that I was going to endure difficulties and complications.

[Correa] Do you believe it was a mistake to appoint him?

[Frei] No, quite the contrary. As time goes by, I am more and more convinced that it was not a mistake. No one is banned from any posts in Chile. We are talking about the future, not the past. I give German Correa my wholehearted support for his loyalty and his work as interior minister. I am very happy with him, and if I had to appoint a cabinet, I would designate him again to the Interior Ministry.

[Correa] Why are you hiding him, then?

[Frei] I am not hiding him at all. Quite the contrary, he enjoys my full support. He has worked very effectively regarding Carabineros operations... It seems that the issue of the security of citizens, an issue that was so much discussed, has been forgotten in the country, whereas previously it was insistently demanded... It is obvious that there are people that are shooting on both sides of the line. This is like a political terrorism based on rumors. This is bad for the country and for democracy. I am very happy with the work German Correa is doing.

[Correa] Based on analyses and opinions on the issue, we can deduce there is widespread consensus that the government mishandled the Stange situation. Do you believe this criticism is correct?

[Frei] Let us review the situation. *sighs* First of all, the situation concerning Gen. Stange is not the responsibility of this administration. It is a process that started in 1985 when three professionals were slain. The entire country is aware of how the incidents developed. The court case is over; Carabineros members have been sentenced by the courts.

Second, we uphold the Constitution and the law. The president is not empowered to change the Carabineros commander. Third, there is the organizational issue. We believe the Carabineros are not part of the Armed Forces; and therefore they should not be under Defense Ministry jurisdiction. In fact, operationally the Carabineros today fall under Interior Ministry jurisdiction. The Interior Ministry is in charge of safeguarding the citizens' security; and therefore everything concerning the Carabineros should be handled by the Interior Ministry. Everything pertaining to security lies with the Interior Ministry, but with no authority because administratively the Carabineros fall under the jurisdiction of the Defense Ministry. That is how the situation stands.

[Correa] If you could turn the clock back, would you again ask Gen. Stange to retire despite the fact that the law does not empower you to force him to go?

[Frei] I asked him to make a gesture, and I would do it again.

[Correa] Don't you think it was a mistake to make such a request if it depended solely on his willingness?

[Frei] When you occupy the president's chair, you have to make decisions. Gestures are also very important.

[Correa] Who advised you to make this request?

[Frei] I assume full responsibility in this regard. I am the president of the Republic, and I discussed the issue directly with Gen. Stange. The easiest thing to do would have been to entrust this task to someone else, but as a government leader I assume full responsibility.

[Correa] You mentioned moral reasons. Do you feel your authority as a ruler has been undermined?

[Frei] Absolutely not. I am not empowered to do this, but for the sake of the integrity of institutions and for the good of the government, I did the proper thing.

[Correa] Honestly speaking, do you trust Stange?

[Frei] This is not a personal problem. I am fulfilling my role as president of the Republic, and he as done the same as Carabineros director general. Each one, in compliance with the responsibilities established in the Constitution and the law, makes his own decisions.

[Correa] My question was whether or not you trust Stange?

[Frei] I refer to the official government statements.

[Correa] Do you think he seriously failed in his military duties?

[Frei] That has to be determined by the courts.

[Correa] If this has to be determined by the courts, why then was Stange asked to resign before the courts issued a verdict?

[Frei] Because it entailed a court case that has lasted nine years; for the sake of good government; for the sake of the integrity of the Carabineros.

[Correa] Based on these words, we can conclude that Stange does not enjoy your trust and that he seriously failed in his duties.

[Frei] I did not say that. Everything is stated clearly in the official government statement.

[Correa] If the courts declare him innocent, do you still think he should retire?

[Frei] I cannot comment on a theory, only on facts. What has been said suffices. The entire country is well aware of my position on this issue. There are no more comments to make on the issue.

[Correa] Specifically, how will this issue be resolved? Will it be indefinitely postponed?

[Frei] We will try to reach a consensus.

[Correa] Why did you leave out the paragraph on Gen. Stange from your 21 May address?

[Frei] Because it was 80 pages long and I only read 40. I decided which paragraphs were worthy of reading.

[Correa] Have you decided on a solution to this problem or will you continue to improvise?

[Frei] No, everything regarding the Carabineros has already been said.

[Correa] What has your administration decided regarding Chile joining Mercosur [Common Market of the South]

[Frei] Our international economic policy is based on an open regionalism. We are interested in achieving Latin American integration. This is why in the past few years we have concentrated our efforts on achieving bilateral agreements, but in today's world there are other realities, such as NAFTA, APEC [Asia Pacific Economic Cooperation], and the European Union. Today, Mercosur is one of the most dynamic groups in Latin America. Chile has sharply increased its exports to Latin America; almost two-thirds of our manufactured export goods go to the Latin American market. Within this context, Argentina and Brazil are our main partners. Trade between Chile and Mercosur members has increased more than five-fold in the last six or seven years. Moreover, Mercosur is negotiating with the EU; therefore, we cannot be left out of this market.

[Correa] Mr. President, what is the meaning of all this? That Chile will join Mercosur?

[Frei] We have not proposed joining Mercosur. We will propose the establishment of free trade zone within the framework of this regionalization opened between Chile and Mercosur. We are very interested in this, and we believe it is an issue of utmost importance. We are drafting a proposal to be submitted at the Cartagena de Indias Ibero-American Summit to be held next month, based on these terms. I will attend the Rio Group meeting that will be held in September, and in December we will be meeting with President Clinton at the Summit of the Americas. Moreover, there is also the trip to Jakarta, where Chile will be admitted to APEC. We obviously want to play a preponderant role at the regional level. Latin American integration plays a fundamental part in Chilean foreign policy.

[Correa] Is joining NAFTA a government priority?

[Frei] Chile exports almost one-third of its GDP; it cannot be absent from big markets. Our presence in APEC; the start of formal negotiations with the United States to achieve a free trade agreement; and our relation with the EU and regional markets are the guidelines of our foreign economic policy. Within this framework, we believe it is essential to consolidate our integrationist position in Latin America. We are part of this region; they are our neighbors. It is our culture. They receive two-thirds of our manufactured exports. Individually, our countries have little to say before large economic groups— APEC, EU, and NAFTA—therefore inasmuch as we can consolidate a free trade region and all the multinational initiatives in which Chile takes part, I believe we are treading on the right path.

[Correa] Does the government plan to achieve bilateral agreements with those Latin American countries with which there are not any, such as Ecuador and Brazil?

[Frei] This is very important. Our experiences with those countries with which we have signed bilateral agreements have been extraordinarily successful. We can cite Mexico, and particularly Argentina, where Chilean investments total $1 billion; there are also binational

undertakings such as the oil pipeline dedicated by President Menem and President Aylwin; and a gas pipeline project that will demand a significant investment. We have just undertaken studies to build a tunnel that will demand significant investment from our two countries. All this goes to prove that bilateral agreements work. This does not mean we are overlooking multilateral agreements. This is why we are members of the Rio Group; why we want to establish a free trade region within the framework of Mercosur; and why we are members of Latin American Integration Association.

[Correa] Chilean agriculture is worried about Chile's possible membership in NAFTA.

[Frei] A country like ours cannot be absent from these great opportunities. We will achieve this safeguarding national interests; we will see whether we will only join a free trade agreement or also join NAFTA. This will be decided in the next stage. Negotiations are just starting. I believe this will be very beneficial for Chile in the long term, as we are an exporting country. President Clinton will be announcing within the next three or four months what countries the United States can achieve these kind of agreements with. Only then will negotiations be undertaken prior to congressional approval. All interested parties—and of course agriculture—will be represented in these negotiations.

[Correa] You hope to lower the inflation rate to one digit. On a scale of one to nine, which digit? *Frei laughs.*

[Frei] As we engineers like to say: leaning more toward zero *and he draws a descending arrow on a pad of paper.* In view of the current national economic situation, we are interested in basically maintaining a macroeconomic balance. Everything that has been achieved, with so much effort, will be safeguarded fiercely. There are corporate interests. It is our duty to maintain this balance. Inflation, among them, is an important factor because it has a great impact on wage and salary earners. The country can be certain that we will be inflexible in this regard.

[Correa] In your message, you estimated an 11 percent inflation rate for 1994. Do you believe it is necessary to extend the economic adjustment process?

[Frei] I believe that the economic adjustment process is almost completed. This is why we hope to achieve an average annual economic growth of 5.5 percent during my administration.

[Correa] It will be 3.4 percent this year.

[Frei] Four to 4.5 percent. We will be quite inflexible regarding fiscal expenses. We will not be pressured by any national group. Balances will be maintained; we will struggle to achieve a low inflation rate. To overcome poverty, we must develop and grow. There is no other way. The entire country is aware of the economic conditions in which we inherited the country; that an economic adjustment was implemented; and that all the figures are showing that the economic adjustment period is ending. We have been extremely careful regarding government spending, and we will continue to be so.

[Correa] Mr. President, the only way to curb inflation is to lower fiscal spending, which in the previous administration totaled an average of 7.5 percent while economic growth totalled 6.5 percent.

[Frei] We will be inflexible regarding taxes, monetary matters, inflation, and fiscal spending,, too. The country cannot spend more than the GDP. We will maintain a fiscal balance; there will be no deficit.

[Correa] What measures will be implemented if inflation is not curbed?

[Frei] All the ones that are necessary to achieve a one-digit inflation rate within a prudent period of time.

Army Denies Pinochet Traveling Under False ID

PY0706164594 Santiago LA TERCERA DE LA HORA in Spanish 31 May 94 p 4

[Excerpt] The Army has categorically denied that its commander in chief, Captain General Augusto Pinochet Ugarte, is traveling with a false passport "because he is traveling with an official passport issued by the Chilean Government to public authorities fulfilling official duties abroad." As for reports that Pinochet had to hastily check out of a hotel in the Netherlands, the Army stated through a communique that the reports "are inaccurate" because the high-ranking official "has fulfilled the scheduled itinerary without any changes."

The Army communique ends by stating that in Prague, capital of the Czech Republic, Gen. Pinochet was received by Chilean Ambassador Rolando Stein and the Omnipol Company president, who held a reception in his honor. [passage omitted]

Court Sentences Leftist Daily's Director, Editor

PY0706144894 Madrid EFE in Spanish 0044 GMT 7 Jun 94

[Text] Santiago, 6 June (EFE)—The Chilean courts on 6 June sentenced Juan Andres Lagos, director of EL SIGLO, and reporter Francisco Herreros to 541 days in jail for "serious offenses" against Supreme Court members.

The process began with the charges filed by Supreme Court President Marcos Aburto after EL SIGLO criticized the Supreme Court decision to transfer the case of a missing political prisoner to the military court.

In commenting on the decision made by Judge Maria Antonia Morales, the director of the newspaper with communist leanings said that, unfortunately, in Chile "freedom of expression and press has serious limitations."

Lagos said: "We made a public judgment of political, legal, and justified nature regarding a decision by a Supreme Court chamber that created major commotion

in our country that even led a court member to leave his post after Congress studied the situation."

Lagos said that time has proven their position right because the military court definitely dismissed the case for the arrest and disappearance of Alfonso Chanfreaux in 1974.

Defense lawyer Eduardo Contreras recalled that for a similar case and during the same time the director and a columnist for the conservative daily EL MERCURIO were acquitted.

The two men announced they will appeal the court sentence, which they could serve in freedom but under the custody of a penitentiary guard.

Lagos reiterated that with sentences like the one they received, serious obstacles are being established against freedom of expression and restrictions imposed on the critical judgment of certain branches of government.

Colombia

Gaviria Favors Open Dialogue With Castro Regime

PA0706231494 Madrid EFE in Spanish 1734 GMT 5 Jun 94

[Text] Madrid, 6 Jun (EFE)—Cesar Gaviria, the Colombian president and OAS secretary general-elect, believes the best way to propitiate a change in Cuba is to maintain an open dialogue with Fidel Castro's regime. In an interview published today, Sunday, in the Spanish daily LA VANGUARDIA, Gaviria says that he does not believe it is convenient "to pressure" the Cuban Government and that it is best to help the Caribbean country change its economy.

"What we can look into as a possibility—but I do not know if Castro will go along with it—is to work along the lines followed by Spain, Colombia, Venezuela, and Mexico in the past, keeping open the channels for dialogue and technical cooperation," he said. "We have to assess the situation to see if we can help Cuba change its economy," "with technical support and without subsidies or attempts to alleviate its economic situation," the Colombian president explained.

The Colombian president believes Cuba has progressed in the economic sector during the past months "in a direction that could be described as correct." He said, however, the international community "is a bit impatient and would like political changes to take place more swiftly." Asked if he believed Cuba could achieve democracy with Castro in power, Gaviria replied: "As long as changes in Cuba continue in an orderly manner, the possibilities that will allow for a gradual change are important."

Regarding the scheduled Ibero-American Summit in Cartagena de Indias on 14 and 15 June, Gaviria said it will basically be geared toward the exchange of economic, commercial, and investment experiences, bearing in mind the ongoing processes of integration. As in previous summits, the one in Cartagena will serve, according to the Colombian president, to strengthen cultural, linguistic, and economic ties between Latin America and Spain and Portugal. "Relations with Spain and Portugal have helped us extend an important bridge to the European Union," Gaviria told the Barcelonan newspaper. According to Gaviria, Ibero-American summits are very useful to the Cuban Government, because it listens to the experiences of the rest of the Latin American countries at those meetings and gathers "useful teachings."

Gaviria said that with the death of drug trafficker Pablo Escobar, Colombia has left behind "the worst part of narcoterrorism" and shown that no criminal organization, regardless of how powerful it is, can challenge the state. The Colombia president attributes the violence in Colombia to the traditional weakness of the government and the administration of justice. "Violence comes from the past century. We have always had very high levels of violence," he said. "The main factor is not only poverty and the lack of policemen, but also inadequate justice," he added.

President Gaviria Bids Farewell to Armed Forces

PA0806032794 Santa Fe de Bogota EL TIEMPO in Spanish 2 Jun 94 p 8A

[Text] President Cesar Gaviria bid the Armed Forces farewell yesterday during a ceremony marking the 87th anniversary of the Jose Maria Cordoba Military School for Cadets. During the ceremony, the Army promoted 140 new officers.

Gaviria said in his speech "this ceremony holds a special meaning for me, as it is the last chance I will have to address you and share a moment such as this. Through the School for Cadets we honor the Armed Forces as the guardians of democracy and human rights."

The president briefly summarized the government's strategy for strengthening the public forces and justice system. He said new recourses, such as the new constitutional guarantee procedure [tutela] and others recently put into effect by the Prosecutor General's Office and the People's Prosecutor [Defensoria del Pueblo] demonstrate the government's pro-human rights efforts.

"Application of international humanitarian law, as expressed specifically in the Constitution, and the country's resulting obligation to abide by such laws are other encouraging signs in the quest for respect for human rights."

Gaviria said the two stages of the government's national strategy against violence have sought to strengthen justice, fight impunity, and pave the way for democratic participation.

"Of course, the high crime rate," Gaviria said, "the degree of impunity, and the current level of poverty are factors that worry the community in general, especially the government."

The president concluded by praising the Armed Forces and their individual commanders for their work during the elections on 29 May.

Army Authorized To Assist Earthquake Victims

PA0706162994 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1500 GMT 7 Jun

[From the "Caracol's Quarter Hour" newscast]

[Text] Santa Fe de Bogota—Army Commander General Jose Hernan Guzman today authorized 9th Brigade Commander Gen. Fernando Millan to act in coordination with the Huila Department governor's office in providing assistance to persons left homeless by the earthquake and the Paez River flooding. Gen. Guzman authorized the use of three Army helicopters to evacuate civilians and bring in food and medicines. Sixth Brigade Commander General Luis Bernardo Urbina Sanchez and 4th Division Chief General Carlos Julio Gil Colorado received similar instructions to cope with the situation caused by the flooding of the Ariari River.

The government asked families hurt by yesterday's earthquakes not to return to their damaged homes until experts conduct technical inspections. The risk exists the Paez River in Cauca Department may overflow, so residents must take all the necessary precautions.

Roundup of Economic Developments

PA0806011794

[Editorial Report] The following is a compilation of reports on Colombian economic developments monitored through 7 June.

The Agriculture and Livestock Marketing Institute has announced that it will buy the entire rice crop of 45,000 tons in Ariari, Meta Department, where the Guillermo Leon Valencia Bridge collapsed, leaving the area cut off from the rest of the nation. It is possible that the government might also purchase the corn crop. (Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 31 May 94)

The National Administrative Department of Statistics [DANE] has reported that inflation reached 1.53 percent in May, adding that for the first five months of the year, overall inflation is running at 13.65 percent. DANE statistics indicate that the May inflation rate was driven higher in part by rent increases. Pasto was the most expensive city, while Monteria was the least expensive in the same month. (Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 2 Jun 94)

Ecuador

Indians Block Roads To Protest Agrarian Reform

PA0706183694 Quito Voz de los Andes in Spanish 2300 GMT 6 Jun 94

[From "The Voz Andes Newscast"]

[Text] Members of the Indian Communities set up barricades today on the main northern roads to protest an initiative to reform the law on agrarian regulations. The barricades halted traffic on the northern stretch of the Pan-American Highway blocking one of the main roads at the height of [name indistinct] and Cotopaxi, 100 km from Quito.

The bill approved on Friday by Congress proposes modifying the agrarian reforms to increase production in the nation's farming fields. Now, only President Sixto Duran-Ballen's approval is required for the bill to become law. The Indian Communities, however, have threatened to block roads and isolate Quito if the president approves the draft bill. We are not willing to accept this aggression, said an Indian leader. We have not been taken into account. They think they can do as they please behind our backs; we will show them how the people react, he said.

A leader of the Confederation of Indian Nationalities of Ecuador [Conaie] told REUTER NEWS AGENCY, that the blocking of the roads today is only a first step of a series of measures to be taken, if the president of the Republic ratifies the draft bill.

In our noon newscast we had reported the position of several Indian organizations, particularly those of Imbabura, Pichincha, Tungurahua, Cotopaxi, and Chimborazo.

A government spokesman indicated that Duran-Ballen could make a decision on the issue in a few hours. The bill is very similar to another reform bill presented by the government that was recently rejected by the Congress, after a series of protests by Indians associations that considered it detrimental to their interests.

The Social Christian Party drafted the current bill, indicating it is fairer than the previous bill but also seeks to encourage better use of land to increase farming production. Nevertheless, the bill has been questioned by every sector, arguing it is a copy of the previous one with some changes that are merely cosmetic, with no real changes. The draft bill presented by Conaie to the Congress, has not been discussed. According to several Indian groups, the reform draft bill wipes out the Agrarian Reform's gains and authorizes the government to confiscate lands currently in Indian hands and to turn them over to rich land owners.

Vicente Chato, Indian leader of Tungurahua, indicated that Conaie and other Indian associations will meet tomorrow to decide on the measure to be taken. They

seek to pressure the government to put aside its intention of eliminating the Agrarian Reform.

Traditionally, the Indian protests in our nation have been characterized by the closing of highways and occasional confrontations with the police without reaching excessive levels of violence. This weekend in Chimborazo Province it was reported that some Indians groups had met somewhat secretly to decide on measures on the agrarian bill approved last week.

Roundup of Economic Developments

PA0706192994

[Editorial Report] The following is a compilation of reports on Ecuadoran economic developments monitored through 7 June.

Juan Jose Illingworth, director of the National Institute of Statistics and Census, reported on 30 May that the monthly consumer price index for Ecuador's urban area dropped to 1.38 percent in May compared to 3 percent in April. He added that the accumulated index for the past 12 months stands at 26.9 percent. (Paris AFP in Spanish 0148 GMT 31 May 94)

Guillermo Ortega, director of the National Banana Program, has confirmed that the restrictions imposed by the EU on Latin American banana exports have not yet affected Ecuador, because such measures will first be fully implemented on 1 July. In fact, Ecuador increased its volume of banana exports by 25.8 percent and revenues by 24 percent during the first trimester of 1994 compared to the same period in 1993. (Madrid EFE in Spanish 1607 GMT 6 Jun 94)

Paraguay

Oviedo Denies Support of Any Political Movement

PY0706145994 Asuncion ABC COLOR in Spanish 4 Jun 94 p 7

[Text] According to Defense Minister Hugo Estigarribia, President Juan Carlos Wasmosy's much-anticipated trip to the Chaco region—in his capacity as commander in chief—to inspect the administrative and operational situation of military units in the area was not possible because the president was afflicted by a strong flu.

However, the highest-ranking military commanders and Defense Ministry officials went ahead with the tour on Wasmosy's agenda.

With the president missing, the attention fell on General Lino Oviedo, who briefed the other generals on work to improve conditions in Chaco barracks.

The delegation included Defense Minister Hugo Estigarribia; Anibal Pangrazio, director of the National Commission for the Development of the Chaco Region; Vice Admiral Eduardo Gonzalez Petit, military forces commander; Division General Pedro C. Ocampos, chief of the General Staff; Division General Jose Cespedes Zarza, Air Force commander; and Vice Admiral Flavio Abadie, national Navy commander.

During a meeting with reporters, Gen. Oviedo, who was accused in the past few days by his own fellow political party members of acting in partisan politics and of supporting the candidacy of Atilio R. Fernandez for the presidency of the ANR [National Republican Association—Colorado Party], said those who accuse him must present proof of his alleged participation in politics.

Oviedo said he has nothing to do with Colorado Party presidential hopefuls and reiterated that those who accuse him must present proof of what they allege.

He said in a well-prepared conciliatory tone that he had nothing against officialist Deputy Luis Becker, who last weekend accused him of protecting criminals and corrupt individuals.

Oviedo also said he did not have anything against Juan Carlos Galaverna, the other presidential hopeful, who accused him of participating in a political meeting at Paul Sarubbi's private residence on 1 June that also was attended by Atilio R. Fernandez and urban transportation entrepreneurs who allegedly committed their buses to transport Atilio R. Fernandez supporters.

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